



## Offer Document

Medlab Clinical Limited

**ACN 169 149 071 (the Company)**

For a pro rata renounceable rights issue to Eligible Shareholders on the basis of one (1) New Share for every nine (9) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.30 per New Share to raise approximately \$5,361,150 (**Offer or Rights Issue**).

The Offer is fully underwritten by Farjoy Pty Ltd ACN 000 384 903 (**the Underwriter**). The Underwriter is not associated with any directors, however is a Shareholder. Please refer to Section 4.8 for the details of the underwriting and relationships of the Underwriters.

**The Offer opens on 25 July 2016 and closes at 5:00pm (EST) 9 August 2016 (unless it is lawfully extended). Valid acceptances must be received before that time.**

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Rights to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

***This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.***

***The New Shares offered by this Offer Document should be considered as speculative.***

**Farjoy**

Underwriter

**ShawandPartners**

Lead Manager

# Contents

<b>1</b>	<b><i>Important information</i></b>	<b>4</b>
1.1	This document is not a prospectus	4
1.2	Section 708AA of the Corporations Act	4
1.3	Eligibility	4
1.4	Overseas Shareholders	4
1.5	Appointment of foreign holder nominee	5
1.6	Nominees, trustees and custodians	6
1.7	Forward-looking statements	6
1.8	Privacy Act	6
<b>2</b>	<b><i>Chairman's letter</i></b>	<b>8</b>
<b>3</b>	<b><i>Corporate directory</i></b>	<b>10</b>
<b>4</b>	<b><i>Details of the Offer</i></b>	<b>11</b>
4.1	The Offer	11
4.2	Use of Funds	11
4.3	Indicative Timetable	12
4.4	Your Rights under the Offer and how to deal with them	12
4.5	Application under Top-Up Offer	13
4.6	Shortfall	13
4.7	Capital structure	14
4.8	Underwriting	14
4.9	Effect on control of the Company	14
4.10	Dilution	15
4.11	Directors Interests and Participation	15
4.12	Details of substantial holders	16
4.13	Market Price of Shares	17
4.14	Opening and Closing Dates	17
4.15	Issue and dispatch	17
4.16	ASX listing	18
4.17	CHESS	18
4.18	Risk Factors	18
4.19	Taxation implications	18
4.20	Continuous disclosure obligations	19
4.21	Enquiries concerning Offer Document	19

5	<i>Action required by Eligible Shareholders</i>	19
5.1	How to Accept the Offer	19
5.2	Implications of an acceptance	20
5.3	Payment by cheque/bank draft	20
5.4	Payment by BPAY®	21
6	<i>Risk factors</i>	21
6.1	Introduction	21
6.2	Key investment risks	21
6.3	General Risks	24
6.4	Investment Speculative	25
7	<i>Additional information</i>	25
7.1	Underwriting Agreement	25
8	<i>Defined terms</i>	27

# Rights Issue Offer Document

## 1 Important information

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### 1.1 *This document is not a prospectus*

This document (**the Offer Document**) is dated 18 July 2016, has been prepared by the Company and is for a rights issue of continuously quoted securities (as defined in the *Corporations Act 2001* (Cth)) (**the Corporations Act**) of the Company. This Offer Document is not a prospectus under the *Corporations Act* and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in section 6 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

### 1.2 *Section 708AA of the Corporations Act*

This Offer Document has been prepared in accordance with section 708AA of the *Corporations Act* and applicable ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

### 1.3 *Eligibility*

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Rights to participate in the Offer.

### 1.4 *Overseas Shareholders*

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong and Singapore. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be

offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

### **United States Shareholders**

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the *US Securities Act 1933* and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

Further detail in relation to foreign jurisdictions is set out in this Offer Document.

### **New Zealand Shareholders**

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Rights under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **1.5 Appointment of foreign holder nominee**

Pursuant to section 615 of the *Corporations Act* and for the purposes of *ASX Listing Rule 7.7*, the Company has appointed Shaw and Partners Limited ACN 003 221 583 as the Company's foreign holder nominee (**Nominee**). The Nominee will arrange for the sale of the Rights on ASX which would have been offered to the Ineligible Shareholders had they been entitled to participate in the Offer and to account to the Ineligible Shareholders (on a pro-rata basis) for the net proceeds.

The Nominee will have absolute and sole discretion to determine the timing and price at which the Rights are sold and the manner of any such sale. Any interest earned on the proceeds of the sale of the Rights will firstly be applied against expenses of the sale, including brokerage, and any balance will form part of the proceeds payable to the Ineligible Shareholders (if any).

The Company will forward the proceeds of sale of the Rights (if any) as soon as reasonably practicable to the Ineligible Shareholders in proportion to their respective shareholdings, after deducting the brokerage commission and other expenses. If the net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, the proceeds may be retained by the Company.

Despite the Nominee being required to sell the Rights, Ineligible Shareholder may nevertheless receive no proceeds if costs of the sale are greater than the sale proceeds.

The Company has applied to ASIC to approve the appointment of the Nominee. However, as at the date of this Offer Document, ASIC has not approved the appointment of the Nominee.

Both the Company and the Nominee take no responsibility for the outcome of the sale of the Ineligible Shareholders' Rights.

#### **1.6 *Nominees, trustees and custodians***

Shareholders resident in Australia, New Zealand, Hong Kong or Singapore holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Rights under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Shareholders resident in Australia, New Zealand, Hong Kong and Singapore holding shares on behalf of persons who are resident overseas should seek independent advice as to how they should proceed.

#### **1.7 *Forward-looking statements***

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Offer Document.

#### **1.8 *Privacy Act***

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

## 2 Chairman's letter

Dear Shareholders

On behalf of the Company I invite you to take part in a pro-rata Renounceable Rights Issue to raise approximately \$5,361,150.00 (**Rights Issue**). The Rights Issue is fully underwritten by one substantial shareholder, Farjoy Pty Ltd.

Principal use of funds from the Rights Issue will be to accelerate Medlab's research and development program, in particular to commence human trials using its pain management therapy based on cannabis, in a leading Australian research oncology hospital.

Since Medlab was listed on the ASX a year ago, Medlab has:

- expanded its range of nutraceuticals from five (5) to twenty (20) products, achieving a record sales month in June 2016;
- developed NanoCelle™ for tiny particle mouth delivery of medications; and
- advanced its bacteria based cell culture studies for obesity and its Phase 1 Depression trials,

with these projects ahead of schedule.

Medlab's pain management human trial involves a therapy combining two cannabis compounds, CBD (cannabidiol) and THC (tetrahydrocannabinol), to be administered through the NanoCelle™ delivery mechanism.

Progress to date encouraged the board to speed up the research and development programs. Our preliminary results from our NanoCelle™ delivery system and our work on depression and obesity, have been promising and we need to invest in equipment (LCMS – Liquid Chromatography Mass Spectrometry) to give us a better basis for analysing results. We expect this accelerated program and new equipment will result in licenced products to market at least 12 months ahead of our current forecasts.

In April this year, Medlab won a category of the 2016 Biotechnology Awards from UK based Global Health & Pharma for Best Early-Phase Chronic Disease Drug Discovery Company. The award was based on Medlab's adaptation of bacteria to ameliorate symptoms and diseases, use of cannabis to reduce pain from chronic disease and development of its small particle delivery system.

Medlab's capital raising is fully underwritten by its leading non-management shareholder Farjoy Pty Ltd for the issue of approximately 17,870,500 new fully paid ordinary shares.

The issue has been priced by reference to the 30 day VWAP, which Medlab believes, based on advice, is a reasonable standard in the current market climate. The issue price represents a 28.6% discount to the last closing price on Thursday, 14 July 2016 and a 29.3% discount to the 30 day VWAP on Thursday, 14 July 2016.

At the request of the Underwriter, Mr Sean Hall and Mr Michael Hall have agreed to limit their participation in the Rights Issue to increase the liquidity of MDC shares. They will take up \$900,000 in New Shares. The balance of the Rights will be handled by Shaw and Partners Limited, Lead Manager to the Offer.

Funds raised by the rights Issue will be applied to:

- Accelerate human clinical trials for pain management (Cannabis), depression and obesity;
- Acquire R&D equipment to expedite associated research for human clinical trials;



- Market probiotic/nutraceutical & NanoCelle™ nutritional products here as well as overseas;
- Meet increased working capital needs; and
- Pay the costs of the Rights Issue.

Eligible Shareholders will have the opportunity under the Offer to subscribe for 1 New Share for every 9 existing Shares held on the Record Date at an issue price of \$0.30 per New Share.

The Company also invites eligible Shareholders to apply for New Shares in addition to their Rights under the Top-Up Offer (see the Entitlement and Acceptance Form with the Offer Document for more details) to increase their shareholding in the Company.

Further details of the Rights Issue are contained in this Offer Document which I encourage you to read carefully before deciding whether to invest.

For further information on the Company, you can visit the Company's website at: [www.medlab.co](http://www.medlab.co). If you are in any doubt as to how to respond to this Rights Issue, you should consult your stockbroker, accountant or other independent professional adviser.

Once again on behalf of the Company we would like to thank you for your continued support and for the encouragement we have received in regard to accelerating both our R&D projects and the Domestic & Global expansion of our probiotic and NanoCelle™ nutritional products to market. We seek your acceptance of your Board's decision to accelerate our significant progress to date and support the proposed Rights Issue.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Michael Hall', is written over a light blue horizontal line.

Michael Hall

Chairman

### 3 Corporate directory

- |     |                    |  |
|-----|--------------------|--|
| (a) | Directors:         | Michael Hall<br>Sean Hall<br>Drew Townsend   |
| (b) | Company Secretary: | Alan Dworkin   |
| (c) | Registered Office: | 66 McCauley Street<br>Alexandria NSW 2015<br>Telephone: + 61 2 8188 0311<br>Email: <a href="mailto:investors@medlab.co">investors@medlab.co</a><br>Website: <a href="http://www.medlab.co">www.medlab.co</a> |
| (d) | ASX Code:          | MDC  |
| (e) | Underwriter:       | Farjoy Pty Ltd ACN 000 384 903   |
| (f) | Share Registry*:   | Advanced Share Registry<br>110 Stirling Highway<br>Nedland WA 6009   |
| (g) | Legal Advisers:    | Sparke Helmore Lawyers<br>Level 7, 28 Honeysuckle Drive<br>Newcastle NSW 2300  |
| (h) | Lead Manager       | Shaw and Partners<br>Level 15, 60 Castlereagh Street<br>Sydney NSW 2000  |
| (i) | Auditor*:          | ESV Accounting and Business Advisors<br>Level 18<br>City Centre<br>55 Market Street<br>Sydney NSW 2000   |

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

## 4 Details of the Offer

### 4.1 The Offer

The Offer is being made as a renounceable pro rata offer of 1 New Share for every 9 existing Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.30 per New Share. Fractional entitlements will be rounded down to the nearest whole number.

Eligible Shareholders will also be entitled to apply for Additional Shares in excess of their Rights, at the same price as New Shares under the Offer as detailed in Section 4.5.

Based on the capital structure of the Company as set out in Section 4.7 of this Offer Document, a maximum of approximately 17,870,500 Shares (subject to rounding) will be issued pursuant to this Offer to raise up to \$5,361,150.00 (before costs).

As at the date of this Offer Document, the Company has the following options on issue:

- 8,500,000 unlisted options exercisable at \$0.30, expiring on 30 June 2019, escrowed until 14 July 2017; and
- 2,500,000 unlisted options exercisable at \$0.30, expiring on 30 June 2019; and
- 1,541,725 unlisted options exercisable at \$0.30, expiring on 30 June 2020 escrowed until 14 July 2017.

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

### 4.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to \$5,361,150.00 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised under the Offer as follows:

Items of Expenditure	\$	%
Costs of the Offer	375,000	6.99
R&D Research	2,936,150	54.77
Expansion of the Global and Domestic Nutraceutical Business	1,525,000	28.45
Working capital	525,000	9.79
Total <sup>1</sup>	5,361,150.00	100.00%

#### Notes:

The above table is a statement of the Board's current intentions as at the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

#### 4.3 *Indicative Timetable*

<b>Event</b>	<b>Date**</b>
Announcement of Offer	18 July 2016
Release of Offer Document and Cleansing Notice to ASX	18 July 2016
Appendix 3B lodged with ASX	18 July 2016
Notice sent to Shareholders	19 July 2016
Ex date (date from which securities commence trading without the Entitlement to participate in the Offer) and Rights trading expected to commence	20 July 2016
Record Date (date for determining Entitlements of Eligible Shareholder to participate in the Offer)	21 July 2016
Offer Opening Date Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	25 July 2016
Rights trading ends	2 August 2016
Closing Date (Offer closes)	9 August 2016 5.00pm (Sydney time)
Notification to ASX of Shortfall	11 August 2016
Issue date/New Shares entered into Shareholders' holdings	16 August 2016
Settlement date with underwriter	30 August 2016

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only and are subject to change.

#### 4.4 *Your Rights under the Offer and how to deal with them*

##### **Your Rights under the Offer**

The Rights of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your entitlement to participate in the Offer is shown by the number of Rights on the Entitlement and Acceptance form accompanying this Offer Document.

Details of how to apply under the Offer are set out in Section 5 of this Offer Document.

You can also apply for Additional Shares under the Top-Up Offer in addition to your Rights by following the instructions set out in Section 5. The Top-Up Offer is described in Section 4.5 below.

##### **Renounceable Offer – how to deal with your Rights**

The Offer is renounceable. This means that Eligible Shareholders may sell their Rights under this Offer. You may offer to sell your Rights on ASX or transfer them to another person.

Rights trading commences on 20 July 2016 and is expected to end on 2 August 2016. There is no guarantee that you will be able to sell all or part of your Rights on ASX or that any particular price will be available at which Rights can be sold.

Your options are:

- (a) ***Sell all of your Rights on ASX:*** in this case contact your stockbroker. You do not need to return your Entitlement and Acceptance Form to the Share Registry if you sell all of your Rights on ASX.
- (b) ***Sell some of your Rights on ASX and take up the balance of your Rights:*** if you wish to sell some of your Rights on ASX and take up the balance of your Rights, please contact your stockbroker in relation to the sale and follow the instructions in Section 5 of this Offer Document and on the Entitlement and Acceptance Form to accept the balance of your Rights.
- (c) ***Transfer all or part of your Rights to another person:*** You may elect to transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Ineligible Shareholder or would not be an Ineligible Shareholder if the purchaser was the registered holder of the Shares. If you wish to transfer all or part of your Rights to another person other than on ASX then forward a completed standard renunciation form (available from your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form completed by the transferor and transferee to the Share Registry so that it is received no later than 5.00pm (EST) on 9 August 2016 and arrange for payment of the amount of the application monies in accordance with Section 5 of the Offer Document.

#### **4.5    *Application under Top-Up Offer***

Under the Top-Up Offer, Eligible Shareholders will be entitled to apply for Additional Shares in excess of their Rights, at the same price as New Shares under the Offer.

Shareholders wishing to subscribe for Additional Shares under the Top-Up Offer must apply for the Additional Shares at the same time as they apply for New Shares under their Rights by completing the appropriate section of their Entitlement and Acceptance Form. There is no limit on the number of Additional Shares that Eligible Shareholders may apply for under the Top-Up Offer, however, applications under the Top-Up Offer will only be satisfied to the extent that not all Eligible Shareholders take up their Rights.

In addition, no Additional Shares will be issued to any Eligible Shareholders if, in the view of the Directors, to do so would increase that Eligible Shareholders voting power above 19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

The issue of Additional Shares under the Top-Up Offer is at the discretion of the Directors. Should applications under the Top-Up Offer exceed the Shares available, a scale-back will be applied in a manner determined by the Directors.

#### **4.6    *Shortfall***

If you do not wish to take up or sell any part of your Rights you are not required to take any action. That part of your Rights not taken up or sold, and which is not subscribed for under the Top-Up Offer will form part of the Shortfall.

The Shortfall will be subscribed for by the Underwriters (or the Underwriters will procure subscriptions) in satisfaction of their commitment under the Underwriting Agreement.

#### 4.7 *Capital structure*

The effect of the Offer on the capital structure of the Company, assuming all Rights are accepted, is set out below.

<b>Shares</b>	<b>Number</b>
Shares currently on issue	160,834,500
New Shares offered pursuant to the Offer <sup>1</sup>	17,870,500
<b>Total Shares on issue after completion of the Offer<sup>1</sup></b>	<b>178,705,000</b>

**Notes:**

- 1 This number may vary due to rounding of Rights and may increase as a result of the rounding up of New Shares offered under the Offer.
- 2 80,521,547 shares on issue are currently subject to ASX compulsory escrow.

#### 4.8 *Underwriting*

The Offer is fully underwritten by Farjoy Pty Ltd, a substantial Shareholder (the **Underwriter**).

The Underwriter has agreed to fully underwrite the Offer.

The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 7.1. This means that New Shares under the Offer will be issued to the Underwriter out of the Shortfall. There will be a Shortfall if Eligible Shareholders do not take up their Rights and any Additional Shares are not subscribed for under the Top-Up Facility set out in Sections 4.5 and 4.6 above.

#### 4.9 *Effect on control of the Company*

The Underwriter is presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the voting power in the Company of the Underwriter (or the people that control it, as applicable). The Underwriting Agreement has the potential to affect the control of the Company as the Underwriters will subscribe for any New Shares that are not taken up by Eligible Shareholders pursuant to their Rights or the Top-Up Offer. The actual effect on control will depend on the level of subscription by Eligible Shareholders pursuant to the Offer and Top-Up Offer.

The Underwriter (or the people that control it, as applicable) present relevant interest in Shares and voting power in the Company and the changes to those under several scenarios are set out in the table below and are based on the assumption that the Underwriter (and its associates) takes up its full Rights under each scenario.

Event	Shares controlled by Underwriter	Voting power of Underwriter
Date of Offer Document	15,000,000	9.32%
Rights Issue is fully subscribed	1,666,666	9.32%
Rights Issue is 75% subscribed	21,134,291	11.83%
Rights Issue is 50% subscribed	25,601,916	14.33%
Only Directors (as indicated under section 4.11) and Underwriter subscribed	29,314,945	16.4%

It is unlikely that no Shareholders, other than the Directors (as indicated under section 4.11) and the Underwriter (or their related entities or people that control them), will take up Rights under the Offer. The underwriting obligation and therefore voting power of the Underwriters (or the people that control them as applicable) will reduce by a corresponding amount for the amount of Rights under the Offer taken up by the other Shareholders and Additional Shares subscribed for under the Top-Up Offer.

Following completion of the Offer, full details regarding the changes to the voting power and Directors' interests will be announced to ASX.

#### 4.10 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted significantly (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Shareholders who take up their full entitlement will not be diluted and will therefore maintain their existing proportional (percentage) interest in the Company.

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date <sup>1</sup>	Rights under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	100,000	0.06%	11,111	100,000	0.06%
Shareholder 2	500,000	0.31%	55,555	500,000	0.28%
Shareholder 3	1,000,000	0.62%	111,111	1,000,000	0.56%
Shareholder 4	5,000,000	3.11%	555,555	5,000,000	2.80%
Shareholder 5	10,000,000	6.22%	1,111,111	10,000,000	5.60%

#### Notes:

- 1 The table above assumes any shortfall if taken up in accordance with underwriting agreements and the total shares on issue after the Rights Issue is 178,705,000.

#### 4.11 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Rights are set out in the table below.

Director	Shares	Voting Power (%)	Rights	Holding if Offer taken Up	Other Securities (options)
Sean Hall	54,922,222	34.14%	6,102,469	61,024,469	5,000,000
FIT Investments Pty Ltd (Michael Hall)	10,967,778	6.81%	1,218,642	12,186,420	3,500,000
Realm Group Pty Ltd (Drew Townsend)	10,500,000	6.52%	1,166,666	11,666,666	-
Rolay Pty Ltd (Drew Townsend)	5,000,000	3.11%	555,555	5,555,555	-

Notes:

The Directors have indicated that they intend to participate as follows:

- At the request of the Underwriter, Mr Sean Hall and Mr Michael Hall have agreed to limit their participation in the Rights Issue to increase the liquidity of MDC shares. They will in aggregate take up \$900,000 in New Shares.
- Drew Townsend will take up all Rights offered to Rolay Pty Limited.

#### 4.12 Details of substantial holders

As at the date of this Offer Document, the Company believes that those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Holder	Shares	Voting Power (%) <sup>4</sup>	Rights under Offer	Holding if Offer taken up	% Ownership after Rights Issue
Sean Hall	54,922,222	34.14%	6,102,469	61,024,691	34.14%
Farjoy Pty Ltd	15,000,000	9.32%	1,666,666	16,666,666	9.32%
FIT Investments Pty Ltd	10,967,778	6.81%	1,218,642	12,186,420	6.81%
Realm Group Pty Ltd	10,500,000	6.52%	1,166,666	11,666,666	6.52%

Notes:

- At the request of the Underwrite Mr Sean Hall and Mr Michael Hall have agreed to limit their participation in the Rights Issue to increase the liquidity of MDC shares. They will take up \$900,000 in New Shares.
- Farjoy Pty Ltd has indicated that it will take up its full Rights. In addition, it has agreed to fully underwrite the Rights Issue as outlined in Sections 4.8 and 7.
- The Directors have indicated that they intend to participate as specified in item 4.11.



The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Rights under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Eligible Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full Rights under the Offer and Ineligible Shareholders unable to participate in the Offer will be diluted relative to those Eligible Shareholders who subscribe for some or all of their Rights as shown by the table in Section 4.10; and
- (c) in respect of any Shortfall, Eligible Shareholders will be entitled to top-up their shareholding, by subscribing for Additional Shares to be issued from the shortfall pool (**Top-Up Offer**). However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.99%; and
- (d) if there is a Shortfall, the Underwriter and the parties associated with it will have a higher voting power in the Company as shown in the table in Section 4.9.

#### 4.13 *Market Price of Shares*

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.50	31 May 2016
Lowest	0.185	4 February 2016
Last	0.42	14 July 2016

#### 4.14 *Opening and Closing Dates*

The Offer opens on the Opening Date, being 25 July 2016, and closes on the Closing Date, being 5:00pm (EST) on 9 August 2016 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

#### 4.15 *Issue and dispatch*

Shares issued pursuant to the Offer will be issued in accordance with the *ASX Listing Rules* and the indicative timetable set out in Section 4.3 of this Offer Document.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Company's share registry in trust

for the Applicants in a separate bank account as required by the *Corporations Act*. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 4.3 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

#### **4.16 ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

#### **4.17 CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.18 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 6 of this Offer Document for further details.

#### **4.19 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

#### 4.20 *Continuous disclosure obligations*

The Company is a “disclosing entity” (as defined in section 111AC of the *Corporations Act*) for the purposes of the *Corporations Act* and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the *Corporations Act* and the *Listing Rules*.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the *ASX Listing Rules* (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from the ASX [www.asx.com.au](http://www.asx.com.au) (ASX:MDC).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors’ statement and report, and an audit report or review. These reports are released to ASX and published on the Company’s and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in New South Wales and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

#### 4.21 *Enquiries concerning Offer Document*

Enquiries relating to this Offer Document should be directed to the Company’s Share Registry (Advanced Share Registry) on + 61 8 9389 8033.

## 5 **Action required by Eligible Shareholders**

### 5.1 **How to Accept the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Eligible Shareholders may participate in the Offer as follows:

- (a) if you wish to take up all of your Rights:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form.
- (b) if you only wish to accept part of your Rights:

- (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the appropriate Application monies (at \$0.30 per New Share).

If you only take up part of your Rights, you can deal with the balance of your Rights in accordance with Section 4.4 or allow them to lapse.

- (c) if you wish to accept all of your Rights and apply for Additional Shares under the Top-Up Offer:
  - (i) complete the Entitlement and Acceptance Form including filling in the number of Additional Shares under the Top-Up Offer you wish to apply for in the Top-Up Offer section on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the appropriate application monies (at \$0.30 per New Share) for your Rights plus the Additional Shares you wish to apply for under the Top-Up Offer. Further information about the Top-Up Offer and the allocation policy for the issue of Additional Shares under the Top-Up Offer is set out in Section 4.5.
- (d) if you do not wish to accept any of your Rights, you are not obliged to do anything. If you do nothing, your Rights will lapse and you will receive no benefit under the Offer.

Your completed Entitlement and Acceptance Form accompanied by the Application monies for the relevant amount and payment must reach the Registry no later than 5:00pm (EST) on the Closing Date.

## 5.2 *Implications of an acceptance*

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned along with a cheque for the Application monies, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

## 5.3 *Payment by cheque/bank draft*

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “Medlab Clinical Limited” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm EST on the Closing Date.

If the amount of your cheque is insufficient to pay for the full number of New Shares you applied for, you will be taken to have applied for a lower number of New Shares as your cleared Application monies will pay for.

#### 5.4 *Payment by BPAY®*

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (EST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

## 6 *Risk factors*

### 6.1 *Introduction*

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

### 6.2 *Key investment risks*

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

#### **(a) Specific business risk**

##### **(i) Competition**

The markets in which Medlab operates are competitive and there can be no assurances that the competitive environment will not change adversely due to actions of government regulations, competitors or changes in customer preferences. Medlab's financial performance or operating margins could be adversely affected if the actions of competitors or

potential competitors become more effective, or if new competitors enter the market and Medlab is unable to counter these actions.

**(ii) Reliance on key personnel**

Medlab relies on the experience and knowledge of its management team. The Company is also dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left Medlab and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

**(iii) Reliance on key supply relationships**

The Company will rely on various key customer and supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on the Company's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

**(iv) Growth prospects and Company expansion plans**

Medlab's growth prospects are dependent upon a number of factors, including, product take up. If Medlab fails to execute any expansion plan, its financial performance is likely to be negatively affected.

**(v) Product selection**

An important element of the business is an ability to assess and identify products that appeal to Medlab's target market and any misjudgements in demand or changes in customer preferences could result in reduced sales, increased inventory and/or lower gross margins. In addition, existing products or products in the future developed by Medlab may experience performance problems rendering them difficult or impossible to sell, or subject to product recall which could have a material adverse impact on Medlab's financial performance.

**(vi) Relationships with suppliers**

The Company relies on sourcing products from various suppliers and any material adverse change in Medlab's relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company's prospects. Furthermore, the reliance on sourcing products from suppliers exposes the Company to further risks of delivery delays or quality problems that may adversely affect the business.

**(vii) Delivery risk**

The potential exists for significant delays or cancellations in the delivery of products without any practical recourse being available to Medlab to recover lost earnings. Any such delay or cancellation would have an adverse impact on Medlab's earnings and profits.

**(viii) Liability risk**

Medlab provides products and services which in certain circumstances may give rise to potential legal action by either customers or end users in the areas of Product or Public liability. If legal action was taken against Medlab, it could have a material adverse affect on the financial performance of the business.

**(ix) Intellectual Property**

In any business based on Intellectual Property (IP) and/or Trade Secret methodology, there is a risk that other individuals or companies may claim to have any interest in IP or Trade Secrets of a company. In addition, holders of Patents for technology in the field of product authentication may possess Patents and make claims regarding Medlab's products, equally Medlab's Patents and Trade Secrets may be challenged by other parties and Medlab defending its IP position may impact on the Medlab's earnings adversely.

**(x) Regulatory Risk**

All products from the Company are subject to foreign and domestic regulatory approvals and as such the Company makes no assurances that it can gain regulatory approval on any given project.

**(xi) Early stage risk**

Given the Company has only recently commenced operations, there are uncertainties surrounding the rate of growth and prospects of the Company. The Company's products are in early stages and the Company is not yet cash flow positive. The Directors cannot provide forecasts or projections of potential earnings which could be relied upon. An investment in the Company is therefore speculative. Risks associated with investments in early stage companies, such as the Company, are generally considered high.

**(xii) Litigation Risk**

In the ordinary course of its business, the Company may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators, advisors and former advisors and other third parties.

Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company

**(b) Control risk**

As set out in Section 4.9, the underwriting arrangements in respect of the Offer have the ability to have a significant effect on the Significant Shareholders.

Assuming that the Underwriter and the Directors, to the extent specified in item 4.11, take up their respective Rights, and no other shareholders take up their rights, the voting power in the company of the Underwriters could be changed from 9.32 % to 13.33 %.

Notwithstanding the possible changes to voting power, the Underwriter does not presently intend to make any major changes to the business or financial and operating policies of the Company.

**(c) Dilution Risk**

On completion of the Offer, there will be 178,705,000 Shares on issue. If Shareholders do not take up all or any of the Rights, their shareholdings in the Company will be diluted. Section 4.10 sets out examples of the dilution effect of the Offer if Shareholders do not take up any of their Rights.

**(d) Termination of Underwriting Agreement**

In the event that an Underwriter terminates the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the Company would likely raise substantially less than the maximum amount of the Offer and the Company would need to consider alternatives for future funding.

**(e) Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. If the market becomes illiquid or the company becomes de-listed, then there will be no publicly traded market for the Company's shares.

**(f) Reliance on key personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors.

The loss of the services of any such personnel could have an adverse effect on the Company at this stage of its development.

**6.3 General Risks**

**(a) Exchange rate risks**

The Company is exposed to movements in foreign exchange rates and does not hedge against movements in the exchange rate. However, significant changes in currencies may impact on the Company's margins and earnings adversely.

**(b) General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

**(c) Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.



General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

#### 6.4 *Investment Speculative*

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

## 7 Additional information

### 7.1 *Underwriting Agreement*

The Company has entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**) dated on or about the date of this Offer Document. Under the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Offer Shares (**Underwritten Securities**). The obligation of the Underwriter to fully underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (**Share price**) if after the date of this document and prior to the Closing Date, the volume weighted average price of the Shares is below the Offer Price for a consecutive period of three or more Business Days;
- (b) (**ASX200 index**) if after the date of this document and prior to the Closing Date, the ASX200 index falls by more than 10% from what it was at close of market on the Business Day before the Offer Lodgement Date;
- (c) (**Shortfall notice**) the Company does not provide the Underwriter with a Shortfall Notice and Compliance Certificate in accordance with clause **Error! Reference source not found.** before 5.00pm on the Shortfall Notice Date or a statement in the Compliance Certificate is untrue or incorrect in a material respect;
- (d) (**Takeovers Panel**) the Takeovers Panel makes a declaration under section 657A of the Corporations Act in relation to the affairs of the Company of unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (e) (**Restriction on allotment**) the Company is prevented for any reason from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute or regulation, or by ASIC, ASX or

any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

- (f) **(Suspension)** ASX announces that:
- (i) the Company will be delisted, removed from trading, withdrawn from admission to trading status; or
  - (ii) trading in the Shares is suspended, or a trading halt occurs, for any reason,
- and that suspension, trading halt etc. is not lifted within 48 hours following its announcement;
- (g) **(Timetable)** an event specified in the Timetable is delayed by more than 5 Business Days, with such delay being caused by an act or omission of the Company;
- (h) **(no ASX approval)** approval to the quotation of all of the Subscription Securities on the ASX is refused, not granted or granted subject to any condition which is not a customary quotation condition and which is unacceptable to the Underwriter (acting reasonably) on or before the Allotment Date;
- (i) **(Company default under this agreement)** there is a default by the Company in the performance of any of its obligations under the Underwriting Agreement and that failure is not remedied to the satisfaction of the Underwriter within a reasonable period after being given notice of the breach by the Underwriter;
- (j) **(Company insolvency)** an Insolvency Event occurs with respect to the Company;
- (k) **(Judgment)** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within 7 days; or
- (l) **(Prescribed occurrence)** other than as contemplated in the Offer, any of the following occur without the Underwriter's consent (such consent cannot be unreasonably withheld or delayed):
- (i) The Company converts all of any of its Shares into larger or smaller number of shares;
  - (ii) The Company proposes to buy-back, possess or considers any resolution of the directors or at a general meeting to buy-back, or buys-back any of its shares;
  - (iii) The Company makes an allotment of, or grants an option to subscribe for, any of its shares, or agrees to make such allotment of grant such an option;
  - (iv) The Company issues, or agrees to issue, convertible notes;
  - (v) the Company disposes, or agrees to dispose, of the whole, or a substantial party of, its business or property;
  - (vi) the Company charges, or agrees to charge, the whole, or a substantial party of its business or property; or
  - (vii) the Company makes, pays or declares any distribution to shareholders;

- (m) **(breach of warranty)** the Company breaches a representation or warranty given under this agreement is or becomes false, inaccurate or incorrect when made or as at the date it is deemed given under this agreement; or
- (n) **(Withdrawal of Offer)** the Company withdraws the Offer.

The Underwriter is not entitled to exercise its rights under termination events above unless it has reasonable grounds to believe and does believe that the event has or is likely to have a Material Adverse Effect (defined under the Underwriting Agreement). The Company is required to pay to the Underwriter an underwriting commission of 5% of the Underwritten Amount (as defined in the Underwriting Agreement). The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this type.

## 8 Defined terms

**\$ or A\$** means an Australian dollar.

**Additional Shares** means those New Shares not applied for by Shareholders under the Offer by the Closing Date.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

**Application** refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of the ASX.

**Closing Date** means the closing date set out in Section 4.3 or such other date as may be determined by the Directors.

**Company** means Medlab Clinical Limited (ACN 169 149 071).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand, Hong Kong and Singapore.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**New Share** means a new Share proposed to be issued pursuant to this Offer.

**Offer or Rights Issue** means the pro rata renounceable offer of New Shares at an issue price of \$0.30 each on the basis of 1 New Share for every 9 Shares held by an Eligible Shareholder on the Record Date.

**Offer Document** means this Offer Document.

**Opening Date** means the opening date set out in Section 4.3.

**Record Date** means the record date set out in Section 4.3.

**Right** means the right of an Eligible Shareholder to subscribe for 2.5 New Shares for every 1 Share held on the Record Date under the Offer.

**Section** means a section of this Offer Document.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall** means those Shares under the Offer not applied for by Shareholders under their Rights or the Top-Up Offer.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.6.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Top-Up Offer** means as defined in Section 4.12(c).

**Underwriter** means Farjoy Pty Ltd.

**Underwriting Agreement** has the meaning given in Section 7.1.

**US Person** means a person who receives the Offer when they are located in either the United States of America.

**EST** means Western Standard Time as observed in Sydney, New South Wales+