



LETTER TO SHAREHOLDERS

JANUARY 2016

ASX: MDC

THANK
YOU

Dear Shareholder

On behalf of the Company, we would like to thank you for your continued support.

Since our last newsletter (July 2015) we have made progress in our research, expanded our distribution & introduced additional products to our branded nutraceutical line.

Following is an update on current activities:

Medlab has two core areas of business:

1. RESEARCH & DEVELOPMENT:

- The use of specific strains of probiotics for the treatment of chronic diseases.
- The application of our patent pending NanoCelle™ small particle delivery system.

NanoCelle™ research in the area of improving the delivery of large \$\$ category generic drugs has thankfully yielded progress sooner than we planned and has presented Medlab with a number of commercial opportunities.

Below we list our progress on 4 major R & D projects which could account for many billions of dollars per year in world wide sales. Dr David Rutolo PhD, JD – USA (Director of Science) is currently in Australia supervising the development of our NanoCelle™ prototypes.

These include:

NanoCelle™ Statin (Atorvastatin) Research Milestones:

- Prototype NanoCelle™ Statin (Atorvastatin) developed
- Ethics approval granted for early Phase human trials
- Trial commenced, completion due in February 2016
- Non Disclosure Agreements signed with major Multinational Pharmaceutical Companies.

NanoCelle™ Cannabis Research Milestones:

- Cannabis Extraction and isolation process for two prototype drugs one in pain and the other in degenerative neurological areas are completed
- Applied NanoCelle™ system to these two Cannabis prototypes successfully
- Ethics application for human safety trial expected February 2016.

NanoCelle™ Testosterone Research Milestones:

- Prototype NanoCelle™ Testosterone developed
- Ethics approval granted for early stage human trial
- Trial to commence in the immediate future
- Non Disclosure Agreement signed with a major Multinational Pharmaceutical Company.

NanoCelle™ Insulin Research Milestones:

- Prototype NanoCelle™ Insulin developed
- Ethics approval granted for early stage human trial
- Trial to commence in the immediate future.

NANOCELLE™
STATIN

NANOCELLE™
CANNABIS

NANOCELLE™
TESTOSTERONE

NANOCELLE™
INSULIN

RESEARCH UPDATE

Research Update

Research on obesity and depression areas are progressing as expected. A research update is provided in the chart below:

Drug Candidate Program	Patent Lodgement	Preclinical	Phase 0 Safety	Phase I	Phase II	Phase II B	Potential Partnering
CARDIOMETABOLICS							
Chronic Kidney Disease - CKDP.100				Planning / Underway			
Obesity (Diabetes) - OBEP.100					Planning / Underway		
CENTRAL NERVOUS SYSTEM							
Depression - DEPP.100					Planning / Underway		
METABOLIC AGEING							
Ageing/Mitochondrial AAP.100		Planning / Underway					
PLATFORM							
Statin (Atorvastatin)				Planning / Underway			NOW
Insulin	Planning / Underway		Planning / Underway				NOW
Testosterone	Planning / Underway						
Antibiotic	Planning / Underway						
Proton Pump Inhibitor	Planning / Underway						
ACE Inhibitor	Planning / Underway						
Steroids	Planning / Underway						
SSRI	Planning / Underway						
PLATFORM / NEUROPATHY							
Cannabis (Pain)			Planning / Underway				
Cannabis (Nephrology)			Planning / Underway				

Completed / Mature Stages
 Planning / Underway

Our research efforts are well ahead of plan. The NanoCelle™ delivery platform has been demonstrated to show diversity and has appeal to pharmaceutical applications.

To achieve this, we have concentrated management efforts since listing on this work, but this has meant unfortunately that we have taken management time from the development of our nutraceutical sales, particularly in the U.S.A. (see item 2: Nutraceuticals).

CURRENT PRODUCTS

2. NUTRACEUTICALS:

As mentioned above, we have concentrated a majority of management time on our R&D effort to the detriment of our nutraceutical sales. However, we will now refocus those efforts in preparing samples which have been requested by private label nutraceutical clients.

Our Nutraceutical branded line continues to grow, with up to 13 products in various markets and another 10 products by 30 June 2016.

Expression of interest from potential overseas trade partners have been received over recent months. We are actively doing what we need to do, including regulations compliance to commercialise to progress our sales to plan. Our focus is U.S.A., China, UK, Singapore and New Zealand.

At the time of writing:

- Our first order to China is being packed and Medlab Executives are expected to formally launch the product in Beijing early March 2016
- Singapore product approvals are being progressed.



Research & Development Medical Team

Our R & D staff have been very active both domestically as well as internationally and our IP portfolio has increased significantly. Likewise our sales & marketing team have also been active and now that we have 13 products ready for market both locally & overseas. (This represents an increase of 44% over where we stood in July 2015 when we last wrote to shareholders). Our nutraceutical sales should start to improve significantly.

Cash Position

In December we received an \$839,000 R&D Incentive Refund and cash position at 31 December was \$3,030,000.

Conclusion

Once again, we would like to thank you for your support. As a team, we at Medlab are proud of our developments over the first 6-7 months of being a listed public company.



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