



ASX & MEDIA RELEASE

4 JULY 2019

OPERATIONS UPDATE – JULY 2019

Dear Shareholder,

Medlab Clinical Ltd (ASX: MDC) remains uniquely positioned as a fundamentally corner-stoned company in medical research but increasingly delivering a successful path to commercialisation in its Nutraceutical and Cannabis based products.

The June quarter has been a very strong, exciting one for the Company. The most significant outcomes being the results from research driven product development and increased commercialisation activity delivering significant financial results:

- **Medlab achieved total revenue (excluding R&D incentive and after discounts) in excess of \$3m for the quarter, accordingly this represents some 135% increase on the same quarter last year.**
- **Medlab achieved Year on Year growth in excess of 50% (excluding R&D incentive and after discount).**

RESEARCH

Medlab continues to move forward its research driven agenda with significant gains in both core product categories. Medlab is focused on chronic disease markets including pain management and depression where global markets represent significant earnings opportunities:

Nutraceuticals

- Gut program / depression – total market estimated at 7% of the world's population. Progress is steady with early data very encouraging. The research program uses NRG Biotic™, Medlab's patented product that is already in market.

Medical Cannabis

- Medlab has Australian TGA licenses to possess, research, supply, import and export Cannabis.
- Medlab recently announced the receipt of Human Ethics Approval for a second NanaBis™ trial. The trial, otherwise known as an Observational Study, will happen in parallel to the trial at Royal North Shore Hospital. The trial will follow how Australia Doctors use the product NanaBis™, in a real-world setting, provide patient feedback of use, medication reduction and as a result provide valuable data aimed to support NanaBis's global regulatory efforts.
- Medlab's research using its patented cannabis-based medicines (NanaBis™ and NanaBidal™) has continued to progress well, in particular NanaBis™ continues to yield strong, encouraging results.

COMMERCIALISATION

Medlab is committed to converting excellence in research and product development into commercial success. In both nutraceutical and medical cannabis categories, significant progress has been made. Medlab has its own growing distribution team together with third party distributors where appropriate to maximise the potential global market penetration

Nutraceuticals

- During the last quarter, Medlab executed the rollout, placement and commencement of marketing for its self-branded nutraceutical range products into Priceline and Terry White Chemmart pharmacies through their respective wholesalers. The range can now be found in over 3,000 Australian pharmacies.
- Product placement within pharmacy has MDC offerings in key positions (see picture below).



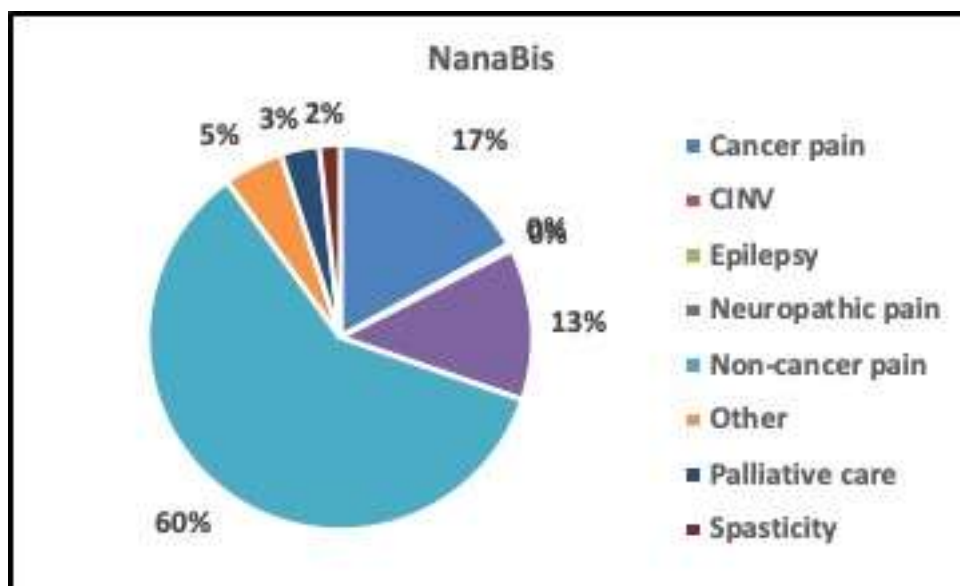
Medlab CEO, Dr Sean Hall states “it’s apparent that a number of our clients remember me from when I co-owned and managed BioCeuticals. Although BioCeuticals was sold several years ago, this time has given me the ability to leverage solid research into the Medlab nutraceutical range and I believe this is what sets us apart from other ranges.”

Medical Cannabis

- Regulatory Approach – Based on trial activity, Medlab is actively pursuing regulatory pathways through the Therapeutic Goods Association (TGA) in Australia, Food and Drug Administration (FDA) in USA and the European Medicine Agency.
- Whilst Medlab’s core long term objective is to achieve a research backed registered drug in key global markets, the Australian TGA Special Access Scheme (SAS) offers Australian patients current and growing access to Medical Cannabis products. That scheme is growing and last published quarter (3 months to end May) saw market wide prescriptions total about 3,500. Medlab over the last several months introduced a Medical Scientific Liaison team working with specialists and approved health professionals to help facilitate access to its products via the SAS scheme. Medlab’s research using its patented cannabis-based medicines (NanaBis™ and NanaBidial™) has continued to progress well, in particular NanaBis™ continues to yield strong, encouraging results with about 1,200 bottles in the Australian market.
- In April, Medlab announced an agreement with Chronic Pain Australia – this relationship provides a path to education through an organisation that supports over 35,000 people living with chronic pain each month.
- In May a Heads of Agreement for NanaBis™ was executed with Thai listed pharmaceutical company, Mega Lifesciences Public Company Limited for the distribution of Medlab’s cannabis-based medicine, NanaBis™ in parts of South America.
- Earlier in the year in March, a Heads of Agreement for NanaBis™ was executed with Canadian pharmaceutical company, Pharmascience Inc. for the further development and distribution of Medlab’s cannabis-based medicine, NanaBis™.
- Other multinationals in partnering discussions.

Month	Number of SAS Category B approvals
June 2018	146
July 2018	188
August 2018	229
September 2018	237
October 2018	331
November 2018	567
December 2018	490
January 2019	670
February 2019	738
March 2019	1040
April 2019	1109
May 2019	1374

- Whilst the indication for NanaBis™ is cancer pain (as the primary endpoint), it's worth noting, that under the Government's Special Access Scheme (SAS), Medlab has approved uses into other interesting areas (see pie chart below).



This data indicates both the need and use in potentially very significant and unexpected patient cohorts. The data also shows the wide-spread potential uses for NanaBis™. Feedback received to date from doctors has been in very strong support of the NanaBis™ programme.

REVENUE

We are pleased to announce that total revenue (after discount and excluding R&D Incentive) was in excess of \$3m for the June quarter. The results show significant improvement in the commercial results of the Company and are the basis for a fundamentally strong financial platform moving forward.

SUMMARY

The senior management of Medlab is very pleased with the progress of the Company. Research continues to move forward, whether in cannabis, depression or other areas of chronic illnesses. Now the commercialisation strategy has started making large ground and as a Company, we are very bullish for the next 12 months.

Further financial information will be outlined in the Appendix 4C and the subsequent 2019 Annual Report.

ISSUED FOR: MEDLAB CLINICAL LTD (ASX: MDC) – www.medlab.co

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ABOUT MEDLAB – www.medlab.co

Medlab Clinical is an Australian based medical life science company, developing therapeutic pathways for diagnosed chronic diseases. It is advanced in developing therapies for pain management, depression and obesity as well as earning revenue from sale of nutritional products in Australia and the United States. In pain management Medlab is developing cannabis-based medicines. The Medlab developed nano-particle medicine delivery system, Nanocelle™, is being applied to its medicines, nutritional products and off-patent drugs like statins. Medlab has a growing patent portfolio.