

Quarterly ASX Update and Cashflows

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

30 June 2017

Quarterly Update and Message from CEO of Medibio Limited

Sydney, Australia and Minneapolis, MN – 27 July 2017: Medibio Limited (MEB or the Company) (ASX: MEB) (OTCQB: MDBIF), a digital health company that has developed an objective testing system to assist in the screening, diagnosis and treatment effectiveness of depression, chronic stress and other mental health disorders, 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.

We have continued to add strategic direction, Mental Health advocacy, and international recognition with recent appointments to our Board of Directors. World champion athlete and Mental Health advocate, Michael Phelps, joined our Board June 5th. Michael's use of the device and commitment to the mental health community as both an advocate and mentor fills a critical position for our Board as we come closer to rolling out our suite of products to the market. Former U.S. Congressman and Mental Health advocate, Patrick Kennedy, joined our Board on July 4th. Patrick's political career and his brave openness about his own health challenges provide a unique expertise in laying the strategic foundations for large-scale operations and the necessary payment and reimbursement coverage for Medibio's innovative technology.

Scientific Research and Technology Highlights

During the quarter, the Company had two major validations of its technology. Independent researchers from the Royal's Institute of Mental Health Research (University of Ottawa) and the Center for Advanced Research in Sleep Medicine (Universite de Montreal) presented first data validating Medibio's technology at the prestigious "Sleep 2017" conference in Boston, MA, USA.

A research study conducted by Emory University in Atlanta, GA, USA recently published a scientific breakthrough on objective diagnosis of post-traumatic stress disorder (PTSD) using Medibio's technology. The study, which was conducted in collaboration with the U.S. Department of Veterans Affairs and its twins database, demonstrated that PTSD can be accurately diagnosed using technology developed at Emory University and licensed by Medibio. The license further solidifies the company's intellectual property and enables the company to service the vast Veterans Affairs and military clinical markets.

Quality, Regulatory, and Clinical Update

Development and quality design documentation are on-track for CE mark technical file submission for the company's cloud-based analytics platform and MDD classification algorithm later this year. Similarly, company-wide use of the quality management system has been underway for several months, enabling on-time ISO 13485 audits in Q3 and Q4.

The two-study series to support the U.S. Food and Drug Administration regulatory submission for the company's Depression Diagnostic Aid in 2nd quarter of calendar year 2018 is progressing on schedule. For the foundational exploratory study (MB-DEPDX03), all data collection is complete, the database has been locked, and analysis is progressing. Furthermore, the study protocol, U.S. & Australian site commitments, and initial ethics approvals are in place to commence enrollment for the follow-on confirmatory study (MB-DEPDX04) in early August.

As noted in the last update, in addition to the call for solutions to more precisely diagnose mental health disorders, there has been considerable pull from the clinical community for an objective means to assess treatment response. As a result, we are executing a set of exploratory longitudinal studies in depression this year to investigate our capabilities to monitor response to a range of treatment modalities, both pharmacological and stimulation-based. Enrollment has begun in the first of these studies at Monash University, which will characterize circadian heart rate and actigraphy patterns across an initial Transcranial Magnetic Stimulation treatment series. A study has also been initiated at The Melbourne Clinic for MB-DEPMON02 (ECT), which will investigate these same biometrics at multiple time points over the 4 weeks of a typical course of electroconvulsive therapy. Moreover, we are finalizing the ethics submission for MB-DEPMON01 (Pharma) in collaboration with the Mayo Clinic, to assess analogous objectives across the first 8 weeks of standard pharmacological therapy in both unipolar and bipolar depressed subjects.

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 expanded its intellectual property position in the previous quarter through execution of an exclusive license of an algorithm, developed in collaboration with Emory University, to objectively diagnose PTSD. The company also filed an additional provisional patent expanding the algorithmic approach to incorporate additional circadian, sleep and autonomic biomarkers. The filing also included coverage of new physiologic sensing modalities. The company was also pleased to announce the validation of its MDD classification algorithm presented by independent researchers from the University of Ottawa. The intellectual property expansion and independent validation further solidifies Medibio as the thought-leader in the objective diagnosis and characterization of mental health disorders.

Finance

We are pleased to have begun trading on the OTC Market Group's OTCQB Venture Market under the ticker symbol "MDBIF" effective June 5, 2017. The company continues to progress in transitioning the business into the U.S. market and has established legal registrations, processes and procedures, systems, and relationships in the U.S. for banking, payroll processing, tax filings, and other operational functions. In addition, we are in the process of completing 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 June 2017 was A\$5.1 million. The Company anticipates it will receive a refund of approximately A\$3.3 million from the Australian Taxation Office under the Research & Development Tax Incentive Program for the current financial year plus A\$2.3 million from the exercise of options and partly paid shares. Available cash over the next 12 months is A\$10.7 million.

Total cash expenses during the quarter were approximately A\$2.4 million. The increased expenditure reflects 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, 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 three-year joint development agreement with Mayo

Clinic to advance the expansion of technology that will provide for objective, data-driven assessment and management of mental illness. Under the agreement, Mayo Clinic and Medibio will jointly develop new product solutions to assist physicians in quantitatively addressing psychiatric conditions while also improving the quality, outcomes and costs associated with patient care.

Medibio and Vital Conversations entered into a second commercial agreement to launch Australia's Biggest Mental Health Check-in. In the Check-in, Vital Conversations combined its comprehensive online assessment of mental health with Medibio's objective mental wellness diagnostic tool. The partnership is focused on reducing the \$11B annual cost to Australian workplaces. Australia's Biggest Mental Health Check-in aims to deliver a large scale corporate wellness initiative utilising wearable technology and online psychological health software. The Check-in has been launched commercially to large corporate customers that have a pool of more than 45,000 employees across Australia and internationally. This is a four-fold increase in volume on the 2016 Check-in, making it the world's largest scale corporate wellness initiative utilizing wearable technology and online psychological health software.

Investor Relations

Baillieu Holst re-initiated coverage of Medibio on June 27, 2017 with a BUY call, Speculative risk rating, DCF valuation of A\$1.21 and price target of A\$0.60. Morgans initiated coverage of Medibio on July 4, 2017 with a A\$1.20 DCF valuation and an ADD recommendation at the same price target level.

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

- Medibio signs strategic joint Development Agreement with Mayo Clinic
- Entered into a fully funded Paediatric mental illness diagnostic
- Medibio signs second commercial agreement with Vital Conversations
- Medibio appoints experienced U.S. based CFO
- Michael Phelps appointed to Medibio Board of Directors
- MEB begins trading on OTCQB under ticker symbol MDBIF
- Independent researchers present first data validating MEB
- Scientific breakthrough on objective diagnosis of PTSD
- Mental Healthcare advocate Patrick Kennedy appointed to Board

About Medibio Limited

Medibio (ASX: MEB) (OTCQB: MDBIF) is a digital health company that has developed an objective test to assist in the diagnosis of depression, chronic stress and other mental health disorders. Based on research conducted over 15 years at the University of Western Australia, this test utilizes patented (and patent pending) circadian heart rate variability and cloud based proprietary algorithms delivering a quantifiable measure to assist in clinical diagnosis. Medibio's depression diagnostic is being validated in clinical studies undertaken by Johns Hopkins University School of Medicine and The University of Ottawa, among others. The clinical trials will support Medibio's application to become the first FDA approved, objective, and evidence based approach to the diagnosis of mental health disorders. Medibio's technology also provides an objective method for the assessment of stress and mental wellbeing that can be translated to the workplace stress/wellbeing market, wearable technology and App market. Founded in Perth, Australia with offices located in Melbourne (Vic), with 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 www.otcmarkets.com and www.asx.com.au.

To learn more about Medibio visit www.Medibio.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 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...12....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,070)	(4,395)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(28)	(28)
(d) leased assets		
(e) staff costs	(774)	(2,043)
(f) administration and corporate costs	(602)	(3,294)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	34
1.5 Interest and other costs of finance paid	-	(133)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	28	3,102
1.8 Other (GST refund)	5	208
1.9 Net cash from / (used in) operating activities	(2,432)	(6,549)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...12...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	-	14,475
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	891
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(1,268)
3.5	Proceeds from borrowings	-	170
3.6	Repayment of borrowings	-	(3,718)
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	-	10,550

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	7,508	1,075
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,432)	(6,549)
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)	-	10,550

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...12...months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,076	5,076

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	1,009	116
5.2 Call deposits	4,067	7,392
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)	5,076	7,508

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
241
-

Payments to Executive & Non-executive Directors for the quarter.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,200
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	50
9.4 Leased assets	-
9.5 Staff costs	600
9.6 Administration and corporate costs	450
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,300

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		

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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:27 July 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.

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