MLA Acquisition of MediVet Pty Ltd

Investor Briefing – 13th June 2013

Agenda

- Resolutions for General Meeting
- Rationale for transaction
- Summary
- Action Required

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Resolutions for General Meeting

- Consolidation of share capital
- Issue of shares to MediVet
- Issue of shares to sophisticated investors

The MLA board of directors unanimously support the above resolutions and recommend that shareholders vote in favour of each resolution.

Resolution 1: Consolidation of capital

- Every 10 existing shares will convert into 1 new share (45,392,583)
  - Currently a far greater number of shares on issue than peer group (453,925,832)
  - A more appropriate capital structure for a company of this size and nature
  - Higher relative share price reduces volatility and mitigates against negative perceptions associated with a low share price

medical australia

MEDIVET ADVANCED STEM CELL TECHNOLOGIES

Resolution 1: Consolidation of capital (cont.)

- Consolidation will have no material effect on the percentage retained interest of each shareholder
- The aggregate value of each shareholder’s holding and the company’s market cap will not change
- No tax implications arising for shareholders as a result of consolidation
- Options on issue consolidate as per ordinary shares

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Resolution 2:
Issue of shares to MediVet

- Total acquisition value $10 million, comprising:
  - $5 million cash; plus
  - $5 million deemed value of MLA shares
- 16,666,667 MLA shares to be issued at $0.30 per share (post-consolidation)
- Shares escrowed
  - 50% for 12 months; and 50% for 24 months

Resolution 3:
Issue of shares to investors

- Approval sought to issue 40,000,000 MLA shares at $0.30 per share (post-consolidation)
  - $12,000,000 to be raised through the issue of new shares
- Corporate Capital Group Inc. of New York engaged to complete financing
  - Discussions with North American institutional and sophisticated investors well advanced
  - Other interested parties in Australia and Asia

medical australia

MEDIVET ADVANCED STEM CELL TECHNOLOGIES

Application of funds

Use of Funds	
Cash consideration to MediVet	$5,000,000
Development and commissioning of new manufacturing, logistics and distribution centre	$3,000,000
Financing and diligence costs (maximum)	$1,260,000
Working capital	$2,740,000
TOTAL	$12,000,000

medical australia

MEDIVET ADVANCED STEM CELL TECHNOLOGIES

Rationale for transaction

- History of association; potential to enhance synergies
  - MLA has been a supplier to MediVet for three years; manufacturing centrifuges, IV sets and other consumables sold under the MediVet brand
  - MLA is MediVet's exclusive distributor for products and stem cell technology in the UK
  - MLA has sound understanding of MediVet, including markets, regulatory framework, existing relationship – ease of integration
  - MediVet portfolio enhances MLA's existing animal health range
  - **One company – two margins**

Rationale for transaction (cont.)

- The benefits that MediVet bring to this transaction:
  - High tech cutting edge product range in fast growing market, particularly in North America
  - Profitable company
  - Patented technology
  - High margins
  - World's leading stem-cell technology
  - High profile, global opinion leaders on advisory board
  - High quality key management personnel

Rationale for transaction (cont.)

- The benefits that MediVet bring to this transaction:
  - Distribution agreements with world's leading animal health wholesalers and retailers
  - Strong, high profile customer base (e.g. Middle East Royal Families; world renown veterinarians)
  - Proven best in class technology
  - Solid partnerships with major University veterinary faculties
  - High growth business model
  - Loaded product pipeline

medical australia

MEDIVET ADVANCED STEM CELL TECHNOLOGIES

Rationale for transaction (cont.)

- The benefits that MLA bring to this transaction:
  - ASX listing, public company structure, corporate governance
  - Quality systems – TGA, TUV, ISO 13485, FDA, CE
  - Quality board and senior management team
  - Strong supply chain capacity and back end systems
  - Heritage brands – TUTA (68 years), Clements (103 years)
  - High margins (60%+) on core business
  - Secure, state based government health tenders with recurring revenue

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Rationale for transaction (cont.)

- The benefits that MLA bring to this transaction:
  - Corporate infrastructure including sales and marketing; finance and procurement; innovation and engineering; Quality Assurance / Regulatory Affairs; and customer service
  - Blue chip OEM customer base with longstanding multinational customers such as Carefusion, Terumo, Fresenius Kabi and Medline
  - $9M carried forward tax losses
  - Highly scalable business

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Independent Expert Report

- The Independent Expert Report annexed to the notice of meeting was prepared using historical performance data of both companies
  - The board of directors of MLA see the additional value in this transaction based on the potential of the merged entity
- Healthcare Capital and Mergers, LLC (HCM) of Chicago were engaged to prepare a Business Valuation Report as part of due diligence (annexed)
  - **HCM's independent valuation of MediVet: $15,700,000**

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Summary

- Brings together two highly synergistic businesses
- The new entity emerges on a highly accelerated growth path with major upside
  - New entity profitable day one
- Existing close associations and understanding of both businesses
- The transaction will create the world's first publicly listed <u>profitable</u> stem-cell company (animal or human)

Summary (cont.)

- The establishment of a new manufacturing and logistics facility will support the new entity through:
  - Improved margins
  - Accelerated product development
  - Increased capacity to support aggressive growth plans
- The transaction gives MediVet a public vehicle to attract direct investment by the veterinary community
- Dual listing on an American exchange will be investigated post-close to further enhance shareholder value

medical australia

MEDIVET
ADVANCED STEM CELL TECHNOLOGIES

Action required

- The board of directors unanimously recommend that shareholders vote in favour of each resolution.
  - All directors intend to vote their own shares in favour of each resolution.
- For a shareholder’s vote to be effective proxy forms must be received by 11:00 am AEST on 11th July 2013

Contact

- Mark Donnison, CEO and Managing Director
- L 17, 275 Alfred Street
- North Sydney NSW 2060
- Mark.Donnison@medaust.com
- T 02 9466 5300 F 02 9922 7165
- www.medaust.com

Disclaimer

The information contained in this presentation provides only a general overview. To the extent that the presentation contains forward looking statements, Medical Australia Limited considers that the expectations reflected in these statements are reasonable. The statements are subject to known and unknown risk factors associated with the healthcare industry which could cause actual results or trends to differ materially.

The information is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Investors should seek appropriate professional advice in relation to their own objectives, financial situation and needs.

medical australia

MEDIVET

ADVANCED STEM CELL TECHNOLOGIES

Annexure 1: HCM Report

BUSINESS VALUATION REPORT

MediVet Pty Ltd
And
MediVet America, LLC

Prepared for:

Medical Australia Limited
Sydney, Australia

Confidential

Prepared on June 3, 2013

By
Healthcare Capital & Mergers, LLC
30 South Wacker Drive, Suite 2200
Chicago, IL 60606

www.HealthcareCapitalMergers.com

866-603-4142

Table of Contents

Purpose and Preface – (General)

At the request of Nexis Financial Solutions Pty Limited, acting on the behalf of Medical Australia Limited ("MLA"), Healthcare Capital & Mergers, LLC has prepared an independent valuation of the proposed transaction for MLA to purchase the stock of MediVet Pty Limited.

MLA is incorporated in Australia and listed on the Australia Stock Exchange ("ASX"). It is a manufacturer and distributor of medical devices and consumables used in the healthcare industry.

MediVet Pty Limited is an Australian incorporated private company which has proprietary ownership of technology for regenerative stem cell technology for domestic animals and the equine industry. One of the major assets of MediVet Pty is its 60.5% controlling interest in MediVet America, LLC.

Sections in the report labeled "General" are relevant to both MediVet Pty Ltd and MediVet America, LLC valuations. The sections labeled "MediVet Pty Ltd Only"and "MediVet America, LLC only" applies only to the specific company.

The standard of value in our analysis is Fair Market Value (FMV) and is defined as "the amount at which goods and services would change hands between a willing seller and a willing buyer when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts." This definition of FMV is cited in Revenue Ruling 59-60.

If applicable to any proposed transaction, The Stark II, Phase III Final Rule (42 CFR Section 411.351) states that fair market value also means the value in arm's-length transactions, consistent with general market value, and further defines general market value to mean "the price that an asset would bring as a result of bona fide bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of bona fide bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party on the date of acquisition of the asset or at the time of the agreement."

The appraisal and subsequent valuation estimate of a closely-held business such as this is not an exact science and requires judgment of many factors such as:

- The history and nature of the business, in this case the devices or intellectual property.
- The outlook for the overall economy and the industry the business is engaged in.
- The financial condition of an acquisition target and the acquiring company.
- The future earning capability of the business and the associated related risks.
- The tangible assets, intellectual property, and goodwill/intangible assets of the business.

As author of this *Business Valuation Report,* HCM has relied on the information provided by the Client and its CPA firm, as to the nature of the Client's operations and financial performance. With respect to the historical information, no attempt has been made to independently verify the accuracy of the information although all facts presented are believed to be true and fully supportable under a rigorous due diligence examination. With respect to assumptions regarding future projections and the resulting pro forma results, HCM has worked with the Client to prepare scenarios and related outlooks that all parties concur with.

Discussion -- (Combined)

Overview – (Combined)

MediVet Pty Ltd is an Australian private company that has proprietary ownership of technology for regenerative stem cell technology for domestic animals and the equine industry. The company began operations in 2008 and has made substantial progress in providing services to pet owners and veterinarians. The company has a patented stem cell LED activator along with an autologous condition serum. MediVet Pty Ltd owns 60.5% of MediVet America, LLC.

MediVet America, LLC is well positioned to expand into North America with a new distributorship agreement for North America with Butler Schein Animal Health, a Division of Henry Schein. This agreement with Henry Schein gives the company instant credibility as Henry Schein, Inc. is the world's largest provider of health care products and services to office-based dental, medical and animal health practitioners. They are a Fortune 500® Company and a member of the NASDAQ 100® Index, Henry Schein employs more than 15,000 employees and serves more than 775,000 customers. Butler Schein Animal Health, a subsidiary of Henry Schein, is the leading companion animal health distribution company in the U.S. and employs approximately 900 employees, including 300 field sales representatives and 200 telesales and customer support representatives.

Medical Australia Limited, is interested in acquiring MediVet Pty Ltd. The acquisition would bring together two organizations with strong management teams, and brand name products. MediVet would bring major growth potential from their proprietary regenerative medicine products, in particular its best in class stem cell therapy. The merged company will have the scale to invest in new technology. The combined company will have the international scope to distribute products to 30 countries. Also, cost efficiencies will be recognized with the possibility of leasing a manufacturing facility in the Philippines.

The merged company will own some of the oldest and most durable brands in the healthcare market including:

Tuta – Commercial operations started in 1954 and its products include burettes, standard intra venous sets, blood transfusion sets and various accessories to support the products. Tuta started with the entrepreneurial skills of former Royal Australian Air Force (RAAF) pilots. They started the design and manufacture of plastic blood collection and transfusion sets at the request of the Australian Red Cross.

Clements – Commercial operations started in 1908 and its products include wall mounted and portable hand-held suction pumps, oxygen therapy devices and laboratory bench top equipment including centrifuges. The brand has been well known for over 100 years and continues to be a major force in hospital suction equipment globally.

MediVet – The major growth driver will be MediVet's proprietary regenerative medicine products, in particular its best in class stem cell therapy. Hardware and procedure packs (consumables) are sold to veterinarians to enable them to carry out regenerative stem cell therapy at point of care. Other products include IV sets for small and large animals, a range of drug free natural therapeutic products, kits for processing Platelet Rich Plasma (PRP) and kits for processing Autologous Conditioned Serum (ACS). Services provided by MediVet include the Cryopreservation of stem cells for use in the animal's later life (Stem Cell Banking) at purpose built laboratories. The MediVet brand is well known in Australia, USA, Great Britain, Middle East, and in over twenty other countries. There is no competitor operating in this sector of the Australian market and very little competition in the US market. Therefore the increased penetration in the USA will have a substantial impact on sales revenue. The major benefits of the MediVet business contributing to the projected sales are:

- Proprietary technology in the stem cell sector
- Scientific evidence and substantial commercial and clinical evidence of the success of the adipose stem cell procedure on cats, dogs, horses, camels, and exotic animals
- Recent agreement with Butler Schein, a division of Henry Schein (a top Fortune 500 company) to distribute MediVet Products using their significant sales force in North America
- High level of industry experience and entrepreneurial skills displayed by sales and marketing managers

The merged company will also have an experienced Board of Directors, management team, and access to capital markets as a publically traded company.

The new merged entity will be able to utilize its size and scale to rapidly penetrate untapped markets and be able to invest into new technology to create growth opportunities. New products are currently in the development pipeline that could roll out in 2013.

Revenue and Profit Growth – (Combined)

Projected growth in revenue and EBIT for per the Client's projections is as follows:

	Expected annual percent Growth: 2012 – 2013	Expected percent Growth 2013 versus 2014
Revenue *	369%	174%
EBIT *	318%	342%

* The above revenue and EBIT projections are from the Client Prepared Business Plan

For purposes of the valuation conservative projections were used. In the MediVet Pty valuation an annual sales growth rate of 35% was used in one methodology and zero percent sales growth was used in another methodology. In the MediVet America, LLC valuation we used a 16% growth factor in one methodology and a zero percent sales growth factor in another methodology. This is significantly lower than the company's expected sales. Our sales forecast assumed a high price point for the new technology and little competition.

EBIT margin (ratio to sales) was projected by the client to be 22% in 2013 and is estimated at 35% for 2014. Typical margins in new medical technology can generate EBIT margins of 35-40% based on our transactional experience. This high margin is the result of the upfront capital and time necessary to create intellectual property which has major barriers to entry. The result is higher margins and less competition. For purposes of the valuation we did not reduce the EBIT margin as sales growth assumed the pricing for new intellectual property with little competition.

Also, the combined company is well positioned to properly market and distribute the products to a global market with a large customer base. The recent distribution agreement between MediVet America , LLC and Butler Schein, a division of Henry Schein will be a key step to penetrating this large and fragmented customer base. The combined company can now focus on marketing and trade shows to meet the sales expectations vs. trying to create a complex and expensive distribution system.

Finally, the valuation is positively impacted by the barriers to entry that intellectual property offers and the stability in the medical/veterinarian industry.

Given the above factors in the valuation future sales and EBITDA were weighted heavily.

The value of MediVet America, LLC valuation was not reduced because Medical Australia Limited is acquiring over 50% and will have controlling interest. If the acquirer purchased less than 50% or did not have controlling interest the valuation of MediVet America, LLC would be reduced by 25 to 35%.

Costs and Expenses (MediVet Pty Ltd and MediVet America, LLC Combined)

Historical and projected growth in revenue and EBITDA per the Client are as follows:

Combined	2011	2012	2013
($000's)			
Profit & Loss Summary	Actual	Actual	Fcst.
Revenue *	4,944	4,958	23,107
Total Operating Expenses *	4,479	3,753	18,070
EBITDA *	465	1,205	5,037

* The above revenue and EBITDA projections are from the Client Prepared Business Plan

Combined Valuaiton

The combined Fair Market Value (FMV) of MediVet Pty Ltd and MediVet America, LLC is estimated at AUS $15.700 million ($15,700,000). The FMV of MediVet Pty Ltd is $4.184 million ($4,184,000) and the FMV of MediVet America is $11.516 million ($11,516,000). The valuation is for the fair market value of 100% of the equity. This FMV estimate is the average of multiple scenarios that were run, based on actual financial results for years 2010 – 2011, along with a forecast for 2013 and 2014. These scenarios and the results are summarized below.

Cost of Capital (CCAP)	18.1%
FMV as Multiple of 2012 EBITDA	13.02
FMV as Multiple of 2013 Projected EBITDA	3.11
FMV as Multiple of 2014 Projected EBITDA	.71
FMV as a Multiple of 2012 Revenue	3.16
FMV as a Multiple of 2013 Projected Revenue	.67
FMV as a Multiple of 2014 Projected Revenue	.24

<u>Valuation Conclusion and Summary -- MediVet Pty Ltd Only</u>

Fair Market Value (FMV) is estimated at AUS $4.184 million ($4,184,000) for MediVet Pty. The valuation is for the fair market value of 100% of the equity. This FMV estimate is the average of six scenarios that were run, based on actual financial results for years 2010 – 2011, along with a forecast for 2013 and 2014. These scenarios and the results are summarized below. This FMV estimate is equal to **<u>2.46</u>** (3.69) times Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA) for **<u>2013 Forcast</u>** (2012 Actual) and **<u>0.84</u>** (1.92) times Revenue for **<u>2013 Forcast</u>** (2012 Actual). This FMV estimate gets reduced by **$70,000** of cash shortfall (Line of Credit) – or other amount at a later date – that is needed in the business for operating needs. Thus, the **FMV for the equity is $4.114 million ($4,114,000)**. All assets would remain in the business (thus, go to the Buyer). These scenarios and the results are summarized below.

The average of the six valuations was used as the medium valuation of $4,061 was comparable to the average of $4,184. In addition, the range of values from a low of $2,546 to a high of $6,208 was reasonable. The low valuation assumed no growth for four years in sales which is conservative based on the client's projections and the positive outlook for the company. The higher valuation of $6,208 was based on the expectation that sales would grow over the four year period.

MediVet Pty Only
Valuation Summary

Cost of Capital (CCAP) = 18.1%

($000's) Omitted … except for Invested Capital Intensity ("ICI")

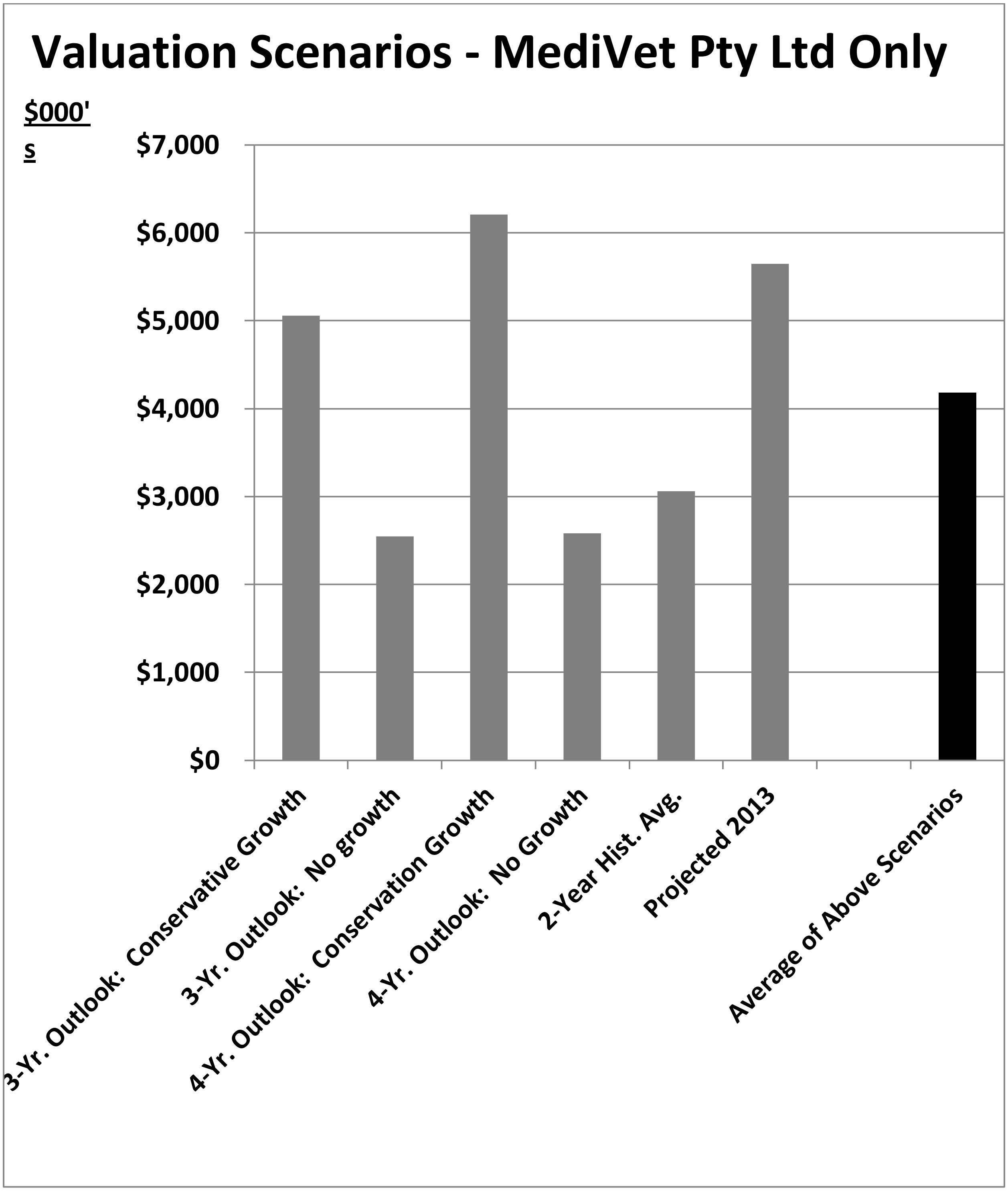
Scenarios / Fair Market Value (FMV)	Fair Market Value Multiples for:			
"Steady State" - Historical / Current Level of Operations *Values per NOP Capitalized … no growth*	**FMV**	**NOP ***	**EBIT ****	**Revenue**
2-Year Historical Averages	$3,063	5.53	3.32	1.38
Projected 2013	$5,645	5.53	3.32	1.13
Future Outlook Scenarios	Profit & Loss (P&L) "Drivers"		Invested Capital "Drivers"	
Values per Income Approach - Discounted Future Cash Flows	Revenue Growth	EBIT Margin	Total ICI ***	Cumulative New Capital
3/4 Year Outlooks: 3-Year Conservativee Projections are "Drivers" … 3 Yrs. Capital	35.0%	35.0%	$0.10	$0
… 4 Yrs. Capital	"Drivers" are same as 3-year future scenario			$182
3/4 Year Outlooks: No Growth Projections are "Drivers" … 3 Yrs. Capital	0.0%	35.0%	$0.10	-$293
… 4 Yrs. Capital	"Drivers" are same as 3-year future scenario			-$293

SCENARIO	**FMV**	**Excess Cash**	**Debt**	**Equity Value**
		-$70	$0	
3-Year Outlook: Conservative	$5,059			$4,989
3-Year Outlook: No Growth	$2,546			$2,476
4-Year Outlook: Conservative	$6,208			$6,138
4-Year Outlook: No Growth	$2,582			$2,512
From Above:				
2-Year Historical Averages	$3,063			$2,993
2013 Projections	$5,645			$5,575
Average of Above Scenarios	**$4,184**	**-$70**	**$0**	**$4,114**
FMV as Multiple of EBITDA =	**2.46**	for 2013 Fcst.	**3.69**	for 2012 Actual
FMV as Multiple of Revenue =	**0.84**	for 2013 Fcst.	**1.92**	for 2012 Actual

Notes:

** NOP - Net Operating Profit (after tax)*
*** EBIT - Earnings Before Interest & Taxes*
**** ICI - Invested Capital per dollar of Revenue*

Excess Cash and Debt - same for all Scenarios


Valuation Scenarios - MediVet Pty Ltd Only
$000's
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
3-Yr. Outlook: Conservative Growth
3-Yr. Outlook: No growth
4-Yr. Outlook: Conservation Growth
4-Yr. Outlook: No Growth
2-Year Hist. Avg.
Projected 2013
Average of Above Scenarios

Discussion -- MediVet Pty Ltd Only

Overview – MediVet Pty Ltd Only

As discussed in detail in the "Overview – Combined" section, MediVet Pty Ltd is an Australian private company that has proprietary ownership of technology for regenerative stem cell technology for domestic animals and the equine industry. The company began operations in 2008 and has made substantial progress in providing services to pet owners and vets. The company has a patented stem cell LED activator along with an autologous condition serum. MediVet Pty Ltd owns 60.5% of MediVet America, LLC. MediVet America is well positioned to expand into North America with a new distributorship agreement with Butler Schein, a division of Henry Schein.

MediVet Pty Ltd, is the registered owners of the MediVet and other trademarks, technology, copyrights, protocols, and procedures associated with MediVet. MediVet Pty entered into an agreement with MediVet America, LLC making MediVet America, LLC the exclusive master distributor in North America for the MediVet products and services. The Agreement commenced on the 30th day of January, 2010 and shall remain in force for a minimum period of 10 years, with automatic five year extension subject to the agreed upon sales targets.

Revenue and Profit Growth – MediVet Pty Ltd Only

Projected growth in revenue per the Client's projections is as follows:

	Expected annual percent Growth: 2012 – 2013	Expected percent Growth 2013 versus 2014
Revenue *	576%	85%

* The above revenue projections are from the Client Prepared Business Plan

EBIT margin (ratio to sales) is projected to be 32% in 2014. Typical margins in the medical device industry generate EBIT margins of 35-40%. This high margin is the result of the upfront capital and time necessary to create intellectual property.

Given the above factors in the valuation future sales and EBITDA were weighted heavily. For purposes of the valuation we used the 2012 historical sales as a base for projections. In an effort to conservatively estimate future growth we used a sales growth factor of 35% in one methodology and zero percent sales growth in another methodology. This is significantly lower than the company's expected sales.

Costs and Expenses

There were no adjustments to reported costs and expenses; thus, reported results represent "normalized" operations that a prospective buyer would inherit.

Valuation Conclusion and Summary -- MediVet America, LLC Only

Fair Market Value (FMV) is estimated at AUS $11.516 million ($11,516,000) for MediVet America, LLC only. The valuation is for the fair market value of 100% of the equity of the company. This FMV estimate is the average of four scenarios that were run, based on actual financial results for years 2011 – 2012, along with a forecast for 2013 and 2014. These scenarios and the results are summarized below. This FMV estimate gets reduced by **$137,000** of cash shortfall (Line of Credit) – or other amount at a later date – that is needed in the business for operating needs. Thus, the **FMV for the equity is $11.379 million ($11,379,000)**. All assets would remain in the business (thus, go to the Buyer). These scenarios and the results are summarized below.

The average of the four valuations was used as the medium valuation of $11,195 was comparable to the average of $11,516. In addition, the range of values from a low of $9,067 to a high of $14,608 was reasonable. The low valuation assumed no growth in sales which is conservative based on the client's projections and the positive outlook for the company. The higher valuation of $14,608 was based on the expectation that sales would grow over the four year period.

MediVet America LLC

Valuation Summary

Cost of Capital (CCAP) = 18.1%

($000's) Omitted … except for Invested Capital Intensity ("ICI")

Scenarios / Fair Market Value (FMV)

Future Outlook Scenarios	**Fair Market Value Multiples for:** Profit & Loss (P&L) "Drivers"		Invested Capital "Drivers"	
Values per Income Approach - Discounted Future Cash Flows	Revenue Growth	EBIT Margin	Total ICI ***	Cumulative New Capital
3/4 Year Outlooks: 3-Year Conservativee Projections are "Drivers" … 3 Yrs. Capital	16.0%	36.0%	$0.11	$175
… 4 Yrs. Capital	"Drivers" are same as 3-year future scenario			$396
3/4 Year Outlooks: No Growth Projections are "Drivers" … 3 Yrs. Capital	0.0%	36.0%	$0.14	$0
… 4 Yrs. Capital	"Drivers" are same as 3-year future scenario			$0

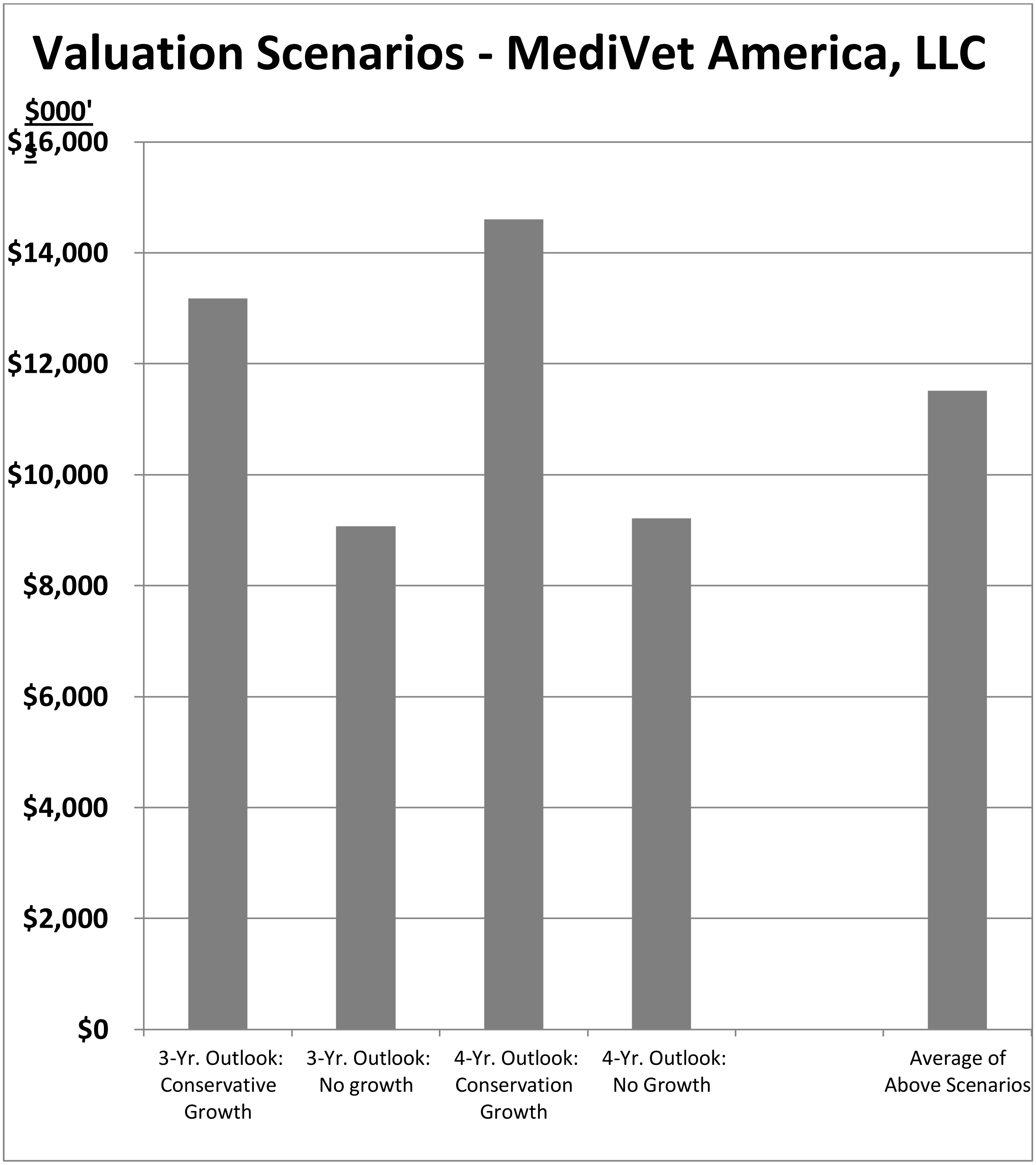
SCENARIO	**FMV**	**Excess Cash**	**Debt**	**Equity Value**
		-$137	$0	
3-Year Outlook: Conservative	$13,180			$13,042
3-Year Outlook: No Growth	$9,067			$8,930
4-Year Outlook: Conservative	$14,608			$14,471
4-Year Outlook: No Growth	$9,209			$9,072
Average of Above Scenarios	**$11,516**	**-$137**	**$0**	**$11,379**

FMV as Multiple of Revenue =	**1.38**	for 2013 Fcst.	**4.15**	for 2012 Actual

Notes:

Excess Cash and Debt - same for all Scenarios

** NOP - Net Operating Profit (after tax)*
*** EBIT - Earnings Before Interest & Taxes*
**** ICI - Invested Capital per dollar of Revenue*


Valuation Scenarios - MediVet America, LLC
$000's
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
3-Yr. Outlook: Conservative Growth
3-Yr. Outlook: No growth
4-Yr. Outlook: Conservation Growth
4-Yr. Outlook: No Growth
Average of Above Scenarios

Discussion -- MediVet America, LLC Only

Overview – MediVet America, LLC Only

MediVet's has had growth in sales in Australia and is now positioned for expanding sales in the United States. There has been little competition in the United States for the proprietary technology in the stem cell sector. As a result the company is well positioned to the United States. In addition, MediVet America, LLC recently signed an agreement with Butler Schein, a division of Henry Schein to distribute the products in North America.

MediVet Pty Ltd, is the registered owners of the MediVet and other trademarks, technology, copyrights, protocols, and procedures associated with MediVet. MediVet Pty entered into an agreement with MediVet America, LLC making MediVet America, LLC the exclusive master distributor in North America for the MediVet products and services. The Agreement commenced on the 30th day of January, 2010 and shall remain in force for a minimum period of 10 years, with automatic five year extension subject to the agreed upon sales targets.

As discussed in the "Overview – Combined" section the significant majority of the value in MediVet America is the result of the intellectual property and the ability to produce future cash flow from this and new technologies developed in the future.

Revenue and Profit Growth – MediVet America, LLC Only

Projected growth in revenue per the Client's projections is as follows:

	Expected annual percent Growth: 2012 – 2013	Expected percent Growth 2013 versus 2014
Revenue *	201%	330%

* The above revenue projections are from the Client Prepared Business Plan

EBIT margin (ratio to sales) is projected to be 37% in 2014. Typical margins in the medical device industry generate EBIT margins of 35-40%. This high margin is the result of the upfront capital and time necessary to create intellectual property.

Also, the company is well positioned to properly market and distribute the products to a global market with a large customer base. The recent distribution agreement between MediVet America , LLC and Butler Schein, a division of Henry Schein will be a key step to penetrating this large and fragmented customer base. The company can now focus on marketing and trade shows to meet the sales expectations vs. trying to create a complex and expensive distribution system.

Finally, the valuation is positively impacted by the barriers to entry that intellectual property offers and the stability in the medical/veterinarian industry.

Given the above factors in the valuation future sales and EBITDA were weighted heavily. For purposes of the valuation we used the 2013 projections as base as projections are more reliable and realistic in shorter time periods. In an effort to conservatively estimate future growth we used a sales growth factor of 12% sales growth in one methodology and zero percent sales growth in another methodology. We also used a conservative EBITDA to sales margin of 36%. As previously mentioned a margin of 40% is common.

The value of MediVet America, LLC valuation was not reduced because Medical Australia Limited is acquiring over 50% and will have controlling interest. If the acquirer purchased less than 50% or did not have controlling interest the valuation of MediVet America, LLC would be reduced by 25 to 35%.

Costs and Expenses

There were no adjustments to reported costs and expenses; thus, reported results represent "normalized" operations that a prospective buyer would inherit.

Discussion – General

Areas in the financials that were adjusted and modeled are taxes. As an LLC, the business profits flow through to the owners, with a portion of the cash distributions (above) for the payment of taxes due at both a federal and state level. In the HCM financial model, the business is put on the basis of a "C" Corporation with taxes reflected as being paid by the corporation. These taxes are at the rates applicable to individual joint returns, which are judged to approximate corporate tax rates. They are utilized to calculate after tax profits as follows:

- Net operating profit (excluding interest expense) – the basis for valuation; and
- Net income (including interest expense) – the basis for return on equity calculation.

The "imputed" tax rates are as follows:

	2011	2012	2013	2014	2015
"Imputed" Income Tax Rates	40.0%	40.0%	40.0%	40.0%	40.0%

Valuation Approach – General Discussion

To arrive at a valuation for the business, HCM has used the following methodologies in performing the valuation, as further described below.

- Capitalization of Net Operating Profit after taxes ("NOP" or "NOPAT") at the cost of capital
- Multiple of Operating Earnings Before Interest and Taxes ("EBIT")
- Multiple of Revenue
- Present Value of Future Income (Discounted Cash Flow).

Under these approaches, historical revenue, profits and cash flows are used to estimate warranted business value based on the ability to generate future income. An important factor in these methods is the cost of capital — a measure of the amount of risk-adjusted return an investor requires to invest in a company, which is a function of interest rates and equity risk. The cost of capital imbedded into the valuation analysis herein is 18.1% – a rate judged to appropriate for a medical company such as this one. HCM's research into a number of factors such as: risk-free government bond rate, measures of equity volatility for the U.S. stock market and healthcare services industry, inflation, plus the risk associated with small businesses in general has confirmed the reasonableness of the cost of capital estimate.

Specific rates are as follows:

- Risk-free government 30-year bond rate is 3.00% and the overall stock market premium is 8.0%
- Medical industry in general has a risk factor (beta) equal to 91% of the overall U.S. stock market (that is, it is slightly less volatile)
- Inflation over the past 20 years (1982 – present has averaged 3%)
- Small business risk premium is 4.75% (a risk factor assessed to all small businesses).

A discounted cash flow valuation has been performed using a future 3-year forecast for the years through 2015 and a future 4-year forecast for the years through 2016, employing assumptions noted above. Details for this financial forecast are contained in the Appendix to this report. Except for those noted below, there are no contingencies or limiting factors that would affect the analysis and conclusions in this report.

Other valuation methodologies such as book value, fair market value of assets, and relief from royalty were not used. Book value and fair market value of assets are not good gauges for companies for that have intellectual property as the major asset. They are commonly used for companies that have physical assets such as land, buildings, and equipment. Relief from royalty is a common valuation methodology for companies that own intellectual property. It was not used in this valuation because it is a similar methodology to those used above.

Contingencies / Limiting Factors

- All information and data supplied by the Client and its representatives is assumed to be complete and accurate to the best of the Client's knowledge. HCM shall have no responsibility for any assumptions provided by the Client or its representatives. HCM shall have no responsibility to address any legal matters or questions of law.
- As an independent contractor, HCM will preserve the confidential nature of information received from the Client in accordance with established policies and practices.
- This engagement is a professional services agreement. HCM represents and warrants that it has provided the services in good faith. HCM disclaims all other representations and warranties, whether express, implied or otherwise.
- The Client shall indemnify and hold harmless HCM, its partners, principals, employees, agents and representatives, and their respective successors and assigns, from and against any and all claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorneys' fees and costs of litigation) relating to the use made by the Client of HCM's services, regardless of form, whether in contract, statute, strict liability, tort (including, without limitation, negligence), or otherwise, except to the extent that it is finally judicially determined that such claims, liabilities, losses, damages, costs or expenses were caused by bad faith or willful misconduct on the part of an indemnified party.
- While HCM is not required to furnish additional work or services, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question, HCM will do so if the Client agrees to pay HCM for its services. HCM will have no responsibility to update any report, analysis or other document relating to its services for any events or circumstances occurring subsequent to the date of such report, analysis or other document.
- As of the date of this report, the Client has cooperated in connection with the performance by HCM of its services, including, without limitation, providing HCM with reasonable facilities and timely access to the Client's information, data and personnel.
- HCM shall not be liable for any delays or failures resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law/order of any governmental agency or authority.
- HCM's compensation is not contingent in any way upon its conclusions or recommendations.

Certification -- General

We certify that, to the best of our knowledge and belief,

- All of the statements of fact in this report are true and correct. No matters affecting the conclusions have been knowingly withheld or omitted.
- The report, analyses, opinions and conclusions are limited only by the reported assumptions and conditions/limiting conditions stated previously, and are unbiased professional analyses, opinions, and conclusions.
- No one other than the undersigned provided significant professional assistance in the preparation of this report.

Respectfully Submitted,

Michael T. Ryan, MBA, CPA
Chief Executive Officer
Healthcare Capital & Mergers, LLC
www.HealthcareCapitalMergers.com

REFERENCES

Bloomberg

Value Line

Morningstar Investment Reports

PricewaterhouseCoopers and the National Venture Capital Associations Money Tree with data from Thomson Reuters

GLOSSARY – Valuation Approach's

Book Value Valuation Approach -- This estimates the value of a company based on equity value of the company according the accounting statement.

Capitalization of Net Operating Profit after tax (NOP or NOPAT) Valuation Approach -- This method estimates the value of the business by dividing the level of NOP by the cost of capital. It serves as the basis for the value of existing operations and the residual value of future profit.

Fair Market Value of Assets Valuation Approach – This values the company based on the fair market value of the land, building, and equipment assuming it is sold to a third party.

Multiple of EBIT Valuation Approach -- This estimates the value of the business by considering either a value of comparable businesses or calculating a multiple consistent with the NOP capitalization above. The latter is used in this analysis.

Multiple of Revenue Valuation Approach -- This estimates the value of the business by considering either a value of comparable businesses or calculating a multiple consistent with the NOP capitalization above. The latter is used in this analysis.

Present Value of Future Income (Discounted Cash Flow) Valuation Approach --This estimates the present value of the business by considering the value of the Company's projected future years' cash flow at a discount rate – the cost of capital.

Relief from Royalty Valuation Approach – This valuation approach is an income-based method, similar to the discounted cash flow method. This approach estimates the portion of a company's earnings attributable to intellectual property (IP) based on the royalty rate the company would have paid for the use of the asset if the company did not own the IP.

GLOSSARY – General Terms

Beta – A measure of the volatility, or risk of an investment in comparison to the market as a whole

Business Valuation - the act or process of determining the value of a business enterprise or ownership interest therein

Cash Flow - cash that is generated over a period of time by an asset, group of assets, or business enterprise

Controlling Interest – owner of over 50% of the voting stock in a company

Cost of Capital (CCAPP) – this is the rate of return that a firm would receive if it invested in a different vehicle with similar risk

Discount Rate - a rate of return used to convert a future monetary sum into present value

EBIT – Earnings Before Interest & Taxes

EBITDA – Earnings Before Interest, Taxes, Depreciation, and Amortization

Equity Risk Premium - a rate of return added to a risk-free rate to reflect the additional risk of equity instruments over risk-free instruments

FMV – Fair Market Value

ICI – Invested Capital per dollar of revenue

Net Present Value – the value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate

NOP – Net Operating Profit

Risk-Free Rate – the rate of return available in the market on an investment free of default risk