



**CONFIDENTIAL EXECUTIVE SUMMARY**

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## INDEX

<u>Topic</u>	<u>Page</u>
<b>Introduction</b>	<b>4</b>
<b>Business Model</b>	<b>5</b>
<b>Formulating and Manufacturing Specialty Products for Customers</b>	<b>5</b>
<b>Formulating, Validating and Manufacturing Private Label Products</b>	<b>5</b>
<b>Incubating Proprietary Brands</b>	<b>7</b>
<b>Licensing Proprietary Process for Ongoing Royalties</b>	<b>10</b>
<b>Manufacturing Operations</b>	<b>11</b>
<b>Growth Strategy</b>	<b>13</b>
<b>Intellectual Property</b>	<b>15</b>
<b>Management Team</b>	<b>16</b>
<b>Current Capital Structure</b>	<b>18</b>
<b>Investment Considerations</b>	<b>18</b>

## Introduction

GelStat Corporation (OTC: GSAC) is a publicly-traded holding company. Through its wholly owned subsidiary Mastix Medica, develops, manufactures and brands niche healthcare products such as tableted chewing gum, chewable tablets and lozenges. Mastix is one of very few companies in the world (and the only one in the U.S.) that has the ability to make tableted chewing gum products at room temperature versus the traditional high heat process which degrades the active ingredients and reduces their efficacy. Most importantly, Mastix is the *only* company that manufactures its own powdered gum base using its proprietary process.



This allows Mastix the flexibility to create custom formulations that other companies cannot and do not offer. Furthermore, it has a patent pending process for its unique gum manufacturing process that includes incorporating hemp oil into chewing gum, lozenges and chewable tablets.

### **Why are Tableted Chewing Gum, Lozenges and Chewable Tablets Great Delivery Methods?**

When using tableted chewing gum, lozenges or chewable tables as a delivery system, the active ingredients are absorbed through the buccal mucosa, which is faster than products that use conventional oral absorption (through the (GI) gastrointestinal tract) in tablet, capsule or liquid dosage forms. The buccal/oral mucosa (inner lining of cheeks and lips) is a very attractive route to deliver active ingredients since it is well accepted by consumers, relatively permeable with a rich blood supply (allows for high bioavailability) and very tolerant to potential allergens.

Buccally absorbed active ingredients are immediately bio-available to the body unlike GI-absorbed actives which are absorbed as they pass through the stomach and intestines, which usually takes 20-30 minutes. GI absorption can also reduce the bioavailability of active ingredients as they pass through the liver (hepatic first pass) which usually will remove some of the active material, thus reducing efficacy. For example, Mastix' caffeine chewing gum was clinically studied (in real world situations by soldiers) over several years by Walter Reed Army Institute of Research and proved that caffeine delivered via chewing gum was absorbed five times faster than caffeine pills, with equivalent bioavailability. Mastix sold millions of packages of its caffeine gum (from 2009 to 2012) to the US Military as part of the military's ration kits for soldiers in Iraq and Afghanistan.

Tableted chewing gum provides a better delivery mechanism for active ingredients and supplements than conventionally manufactured chewing gum, and versus other oral dosage forms.

- Increased compliance in people with swallowing difficulties (40% of people)
- High bioavailability of ingredients: avoid hepatic first pass metabolism
- Fast acting: many times faster absorption than ingested tablets, capsules and liquids
- Convenient and discreet: does not require any liquid for swallowing
- Widely acceptable and very familiar to consumers

## **Business Model**

The company's business model revolves around leveraging its manufacturing expertise, competitive advantages and intellectual property to establish multiple revenue streams and liquidity events.

This model includes:

- Formulating and contract manufacturing custom products for customers.
- Formulating, validating the effectiveness, applying for patents and manufacturing private label products for customers looking for unique turn-key opportunities.
- Incubating proprietary products using a proven hybrid direct-response/select retail model and positioning them for sale to large consumer products companies.
- Licensing our proprietary manufacturing process for upfront and ongoing royalty fees.

## **Formulating and Manufacturing Specialty Products for Customers**

One of the Company's primary revenue sources is formulating and contract manufacturing specialty chewing gum, lozenge and chewable tablet products for customers that incorporate their active ingredients.

Many companies and entrepreneurs have product ideas to incorporate active ingredients into one of Mastix' product capabilities, mainly chewing gum. For a fee, Mastix will formulate a product for the customer with the expectation of performing contract manufacturing for the product. Mastix has a unique ability to develop products that are hard to formulate. Mastix developed the Airborne (owned by Reckitt Benckiser) line of chewable tablets after twelve other nutraceutical companies failed.

The Company was recently approached by a company with a specialty, branded active ingredient line of products to develop and manufacture a portfolio of specialty products (chewing gum, lozenges and chewable tablets) incorporating the actives. The ingredient company will perform the marketing of the products to its customers who currently purchase the ingredients for use in tablet, capsule and liquid products.

## **Formulating, Validating, and Manufacturing Private Label Products**

In addition to developing specialty products for its customers, the Company formulates, validates and manufactures unique products for private label. These are products ready to go to market

under the customer's brand using our formulation and manufacturing process. Our current pipeline of private label products includes:

- Caffeine Gum & Lozenges
- CBD Infused Gum & Lozenges
- Anti-microbial Dental Gum
- Dental Gum with Probiotics
- Weight Loss Gum Formulas

### **Caffeine Gum & Lozenges**

As previously mentioned, Mastix has significant expertise making gum and lozenges with caffeine. Mastix has a current customer poised to order large quantities of an 80mg caffeine gum called Blast Power Gum (<http://www.blastpowergum.com>).



Orders are pending with major U.S. retailers (like Walgreens, CVS, Publix, etc.) and export to SE Asia (40 ft. container to start; with orders for 40ft containers every 3 months). In addition, Blast has an agreement with Mondelez for EU distribution, beginning in France where product registration with the EU is in progress. Once established, Blast is expected to generate up to \$1 million in revenue each quarter, with the potential for more. Mastix also makes a caffeine gum with 50mg for a 2-time Olympic runner that uses caffeine before races. His product is called Run Gum (<http://getrunggum.com>) and he is expanding distribution.

### **CBD-Infused Gum & Lozenges**

The Company has been actively involved in the discovery of the medical benefits of products with high concentration of CBD (no THC) from hemp oil and the Company has multiple opportunities in its pipeline that address this rapidly growing market. This is a very new and misunderstood market so here are a few facts.



The cannabinoids are a family of over 60 chemical compounds. In raw form, industrial hemp plants contain a non-psychoactive antioxidant and anti-inflammatory nutrient rich compound known as cannabidiol (CBD) that is proving to be a miracle “super food”. As a family, the cannabinoids have remarkable medicinal properties, which have largely gone un-researched in the United States due to Federal anti-marijuana policies from the 1940's.

The current theory of why CBD appears to be highly effective at treating many health ailments is because the human body already contains a built-in endogenous endocannabinoid system, complete with cannabinoid receptors. Thus, inputting CBD can help normalize the body's functional systems, including cell communication and proper immune function. Furthermore, unlike typical pain medications affecting the central nervous system, CBD works at the neuron

synapse level mimicking the chemical messengers between cells in the human brain and throughout the body.

GelStat's initial suite of CBD-infused products are currently being developed. Various studies have suggested that CBD-infused products may reduce inflammation and pain as well as treat or cure a number of other major health issues. Gelstat is working with experts in the medical community who are performing laboratory tests and clinical studies which are expected to validate the efficacy of CBD for treating numerous ailments.

Currently, Mastix is working with several customers, and potential customers, to manufacture and private label its CBD gum and lozenge formulations.

### **Anti-microbial Dental Gum**

A chewing gum with a specialty active ingredient that prevents the growth of gingivitis bacteria was developed for a customer. A successful clinical study was performed by the dental school at a major state university that showed the gum prevented the bacteria from growing. However, the release of the clinical study data is on hold pending the final payment for the study by the customer, which may not occur. A solution to this situation will expose an enormous market potential since the gum will be the most convenient delivery of an anti-gingivitis ingredient currently only available through dentists or in oral mouth rinses (like Listerine).

### **Dental Gum with Probiotics**

An ingredient company with a special, very sensitive, probiotic that boosts the immune system and supports ear, nose and throat health, especially in children, engaged Mastix to develop a chewing gum with the probiotic. Since the probiotic works in the oral cavity, a chewing gum is the best delivery system. The gum is currently being tested for the delivery of the correct amount of the probiotic. The ingredient company has many customers waiting for the probiotic gum to become commercially available. A launch date in early 2016 is expected.

## **Incubating Proprietary Brands**

One of the primary challenges Mastix has faced over the years is that it doesn't have clear visibility or control over the future of the products it manufactures for its customers. To address this challenge, the Company has begun to incubate its own brands. By building the demand for its proprietary products such as Lubitol, Chews 2 Lose and Blissful Sleep (f/k/a GelStat Sleep), we will expect to have much more control over our own destiny. Ideally, these products generate significant revenue, utilize excess manufacturing capacity, create liquidity events and maintain manufacturing operations at cash flow positive so all of the contract manufacturing business dropped to the bottom line

**Lubitrol** is a CBD product offered as chewing gum and lozenges. This product is manufactured by Mastix using its patent pending process. We believe this product in both delivery mechanisms presents the largest opportunity for the company, and thus its launch is our primary focus. While we are currently conducting numerous studies to identify specific indications, CBD mainly provides relief for disorders stemming from pain and inflammation. This includes such maladies associated with migraine headaches and arthritis. It is estimated that 30 million people suffer from migraines and 70 million people suffer from arthritis in the US alone. This creates a very large market opportunity for Lubitrol.

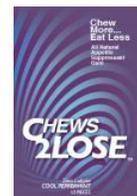


Our initial marketing strategy is aimed towards migraine sufferers and individuals with chronic pain. We are currently conducting studies at the University of Missouri with Paul Durham, PhD and at Clinivest with Rodger Cady, MD. Results to date have not been published but are highly encouraging. A CBD migraine product is expected to be branded under a different name and contain two other active ingredients known to help alleviate migraine pain. The migraine product is expected to be launched using a multi-channel strategy beginning with Internet marketing.

While the marketing plan for Lubitrol will include anyone dealing with pain or inflammation, targeted strategies will be used to help people suffering with chronic pain. This is a wide spread problem that leads many people to chemical dependency, criminal activity and possibly imprisonment. Thousands of people seek treatment every year at recover centers with many of the relapses coming from people with chronic pain that return to narcotic prescription pain killers, opiates or even heroin to manage their pain. A non-addictive, non-psychoactive product such as Lubitrol could be a blessing for this group. The marketing plan for this group would use the multi-channel approach described above, but would also include:

- Joint efforts with addiction recovery facilities to offer alternative pain management choices.
- Implementing programs to donate a % of revenue generated from this group to various charities relating to addiction and recovery.
- Heavily using social media to deliver this message which has a high probability of going viral.

**Chews to Lose** is an innovative diet aide in the form of an all-natural appetite suppressant gum designed as an ultra-convenient way to help dieters refrain from cheating/snacking. It is manufactured in-house and currently available for sale. One of the top reasons diets fail is a craving to cheat regardless of what type of weight loss regimen you're on; so now there's a way to "beat the cheat" by simply chewing gum.



Market Size - According to Marketdata Enterprises, Inc., a leading independent market research publisher of "off-the-shelf" studies about service industries since 1979, an estimated 75 million dieters spent \$2.7 billion in 2010 on diet pills and meal replacements.

**GelStat Sleep** provides relief from sleep disorders and its associated symptoms. Prior to our acquisition of Mastix Medica it was manufactured by a 3<sup>rd</sup> party. An improved tablet with new flavors was developed in-house and is expected to be relaunched with new packaging by the end of 2015. This product address a very large opportunity with an estimated 30%-50% of the general population is affected by insomnia, and 10% have chronic insomnia.



Market Size - The total over-the-counter market for sleep aids alone reached \$604 million in 2008, an increase of 9 percent over 2007, according to Packaged Facts, a division of Rockville, Md.-based Market Research Group.

### **Incubation/Marketing Strategy**

The intention of our incubation/marketing strategy is to build brand awareness for our products in a cost effective method to attract a powerful marketing firm or consumer products company to the brand. In general these products will be launched through a multi-channel strategy as follows:

- Initially launch the product on a direct-to-consumer (DTC) basis. These efforts include:
  - Building a website dedicated to the product.
  - Use digital marketing strategies to drive potential customers to unique landing pages.
  - These strategies include:
    - Pay per click
    - Email
    - SEO
    - Social Media
    - Re-targeting
  - Drive additional potential consumers to the website using traditional media venues such as print, radio and TV.
- Once the product has achieved significant brand recognition, it will be rolled out into select retailers in the regions with key demographics.
- The final step would be to sell the brand to a large consumer products company who can support a full scale launch into big box retailers nationwide. Some brands have been marketed this way and then sold for very high prices. Ideally, the Company would receive a significant upfront payment for the brand and retain the manufacturing rights or license the manufacturing to the buyer for an ongoing royalties. Our proprietary manufacturing process and unique delivery system provides the ideal platform for this model because it protects the buyer from having its product copied by the big box retailer. The company has the following brands either on the market or in final stages to go to market.

We also own two legacy products that we do not manufacture and intend to sell including GelStat Migraine and All Natural Speed.

**GelStat® Migraine** is a patented solution designed for the pain relief from migraine headaches. GelStat Migraine is a unique formulation based on the medicinal plants feverfew (tanacetum parthenium) and ginger (zingiber officinale). Feverfew and ginger contain various compounds, including sesquiterpene lactones and flavonoids, which have been shown to be effective anti-inflammatory agents. This is currently on the market but is expected to be replaced by new version using gum as the delivery method. We also expect to offer an enhanced version infused with CBD. We current have inventory in excess of 300,000 units with a retail value of approximately \$1.6 million.



Market Size - Decision Resources, one of the world’s leading research and advisory firms for pharmaceutical and healthcare issues, expects the market for migraine therapies to grow from \$3.3 billion in 2011 to \$5.8 billion in 2021 in the United States, France, Germany, Italy, Spain, the United Kingdom and Japan.

**All Natural Speed** is an all-natural energy product containing caffeine from cocoa, vitamin B and Niacin. With the enormity of the quick fix energy market, a real opportunity exists to identify and capture a significant portion of specific quick fix energy user groups by using a highly specialized, irreverent advertising campaign. And now that 5-Hour Energy (over \$1 billion in retail sales 2012) is downplaying their caffeine “impact” with how safe and healthy it is, a very large demographic of early adopters has been identified. This product is manufactured by a 3<sup>rd</sup> party and will likely be sold to focus on brands manufactured in-house. We current have inventory in excess of 26,000 units with a retail value of approximately \$100,000.



Market Size – According to an article published by Companies and Markets.com, the U.S. energy drinks market is estimated to have increased by 60% over the past four years, hitting an estimated value of \$12.5 billion in 2012. The industry is expected to continue this strong upward trend growing to an estimated \$21.5 billion by 2017.

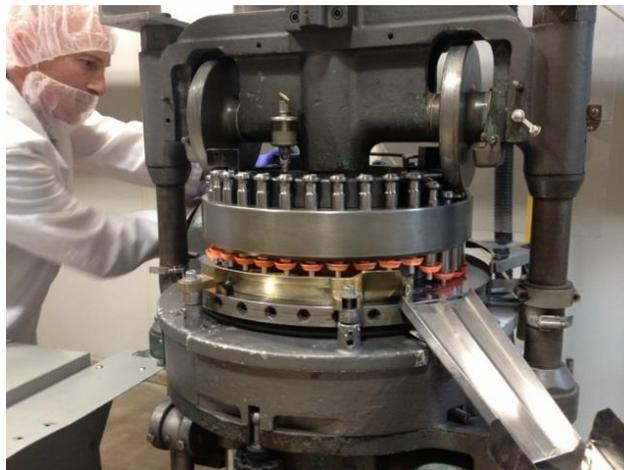
### Licensing Proprietary Process for Ongoing Royalties

To expand profit margins and reduce capital expenditures the Company many establish licensing agreements for chewing gum products. Under these agreements, the customer purchases the necessary equipment, buys select proprietary ingredients from Mastix and pays an ongoing royalty. Products from our first licensing agreement for a very specialized ingredient that has legal restrictions are being launched now on a State-by-State basis and we expect to start receiving royalty payments in December of 2015.

## Manufacturing Operations

### Overview

Mastix Medica tableted products are available in a variety of dosage forms for a diverse customer base, and serve domestic and international markets. Mastix contract manufactures and private labels tableted chewing gum, chewable tablets, lozenges, mints and candy for its customers who include national brand leaders, small niche marketers, the U.S. Military, and for export. The product categories currently addressed include dietary supplements, functional chewing gum, functional foods and confectionery, medicated confectionery and candy. “Functional” here refers to the delivery of active ingredients of benefit to the consumer beyond taste and general nutrition. With Mastix’s innovative and capable staff, new formulations can be offered to satisfy an expanding list of customer inquiries for such tableted products.



Mastix Medica produces products in its 28,000 square foot facility just north of Baltimore in Hunt Valley, Maryland. The products are manufactured in a Kosher certified (Star-K), allergen-free and quality-driven FDA GMP-compliant manufacturing environment.

### Competitive Advantages

Mastix Medica specializes in developing products that provide faster absorption of active ingredients in tableted chewing gum and lozenge dosage forms. The functional gum is formed into a tableted composition using unique proprietary know-how, adding active ingredients to a powdered gum base and then using direct compression in a tablet press, thus making a gum product that has content uniformity of actives from piece to piece. Unlike the few other companies that make tableted gum, Mastix is the *only* company that manufactures its own powdered gum base using its proprietary process. This allows Mastix the flexibility to create custom formulations that other companies cannot and do not offer. In comparison to Mastix, conventional gum manufacturers use a high temperature extruded process that kills many active ingredients, which results in a sub-potent, less efficacious final product. Mastix’ gum products are manufactured

under FDA GMP regulations *at room temperature* allowing the concentration of the added active ingredients to be lab tested and fully effective in the final product.

Mastix Medica offers chewing gum products, lozenges and chewable tablets with hemp oil which is rich in cannabidiol (CBD). Mastix is the *only* chewing gum manufacturer that can incorporate an active ingredient like hemp oil into a piece of chewing gum. We have a patent pending for this intellectual property. The hemp oil used by Mastix meets all US GMP, FDA and DEA regulations (very low THC content -- less than 0.3%).



#### Chewing Gum Manufacturing Processes

- Extrusion – the conventional method used for almost 100 years and familiar to everyone
- Direct Compression – powdered gum base pressed into tablets

#### Differences between Gum Manufacturing Methods

	Compression	Extrusion
Actives exposed to high heat (over 200°F)		X
Room temperature production process protects actives	X	
High, uniform active content from piece to piece	X	
Custom formulation of gum piece	X	
Taste masking of active ingredients	X	
Easy to incorporate multiple active ingredients	X	
Incorporate actives in oil form (like hemp oil)	X	

#### Major Chewing Gum Manufacturers

##### Extrusion

- Wrigleys (Worldwide)
- Gumlink/Fertin (E.U.)
- Ford (U.S.)
- Cloetta (E.U.)
- Perfetti/Gum Base Co. (E.U.)
- Frey (E.U.)
- Lotte (Japan)
- Chinese – numerous

## Direct Compression

- Mastix Medica (U.S.)
- Fertin (E.U.) – makes most of the nicotine gum
- Tab Labs (Canada) – 50% owned by Fertin
- Cafosa (E.U.) – not a manufacturer, but provider of powdered gum base for tableting

## Mastix Medica's Unique Gum Manufacturing Process

- Patent-pending manufacturing process
- Produce powdered gum at room temperature with active ingredients
- Incorporate active ingredients directly into the gum matrix
- Ability to incorporate oil-based active ingredients

## Mastix Medica Chewing Gum Product Capabilities

- Hemp Oil (CBD) – only oil-based active in chewing gum form
- Caffeine – numerous formulations with varying caffeine content
- Herbal/Botanical – numerous formulations
- Probiotics – both for oral benefit and digestive tract
- Effervescent – unique form to clean dental cavity
- OTC Drug – future potential to deliver drug actives requiring fast absorption (i.e. allergy)

## **Growth Strategy**

When it was started in 2009, by acquiring an existing confectionery manufacturer, Mastix had an initial base of 15 customers. Since then, Mastix has developed and manufactured products for over 80 customers and its active list of customers for 2014/2015 is approximately 50. However, it has never had a formal sales and marketing strategy, which has led to lumpy financial performance over the past few years. The facility has never operated at the proper capacity and has struggled in recent periods after losing two large customers. To remedy this challenge we are in the process of implementing multiple initiatives including ramping up demand for our proprietary products and launching a marketing campaign to attract new contract manufacturing customers.

### **Launching a Marketing Campaign for New Contract Manufacturing Customers**

While there are clear benefits of using gum or lozenges as a delivery method, many healthcare companies are unaware of Mastix' ability to manufacture these products. Being the only company in the U.S. that can make these products is obviously a huge competitive advantage; however, it also means that very few people consider gum or lozenges when they are developing a new product. To remedy this situation we must have a minimal direct sales force to educate the

marketplace about the advantages of using gum and lozenges. Our current plan include hiring an internal sales representative with an existing rolodex of healthcare products companies and attending large industry trade shows as well as building a new website and using Internet marketing techniques and videos to generate leads.

## **Pipeline**

As a result of its significant competitive advantages, Mastix has built a significant pipeline for a variety of its custom and private label products despite the lack of any formal marketing efforts. The company has a high level of confidence that a majority of the following opportunities will come to fruition in the near future. These orders alone would put the company back to profitability.

### Caffeine Gum

- An existing customer with a branded energy gum is expecting to place a number of large orders in the near future to stock the shelves of several major retailers throughout the U.S., and for export to multiple countries. Collectively, the potential orders in the US represent over 10,000 retail locations with initial stocking revenue in excess of \$1 million and recurring orders between \$1-2 million per year to restock shelves. The export orders are expected to be in excess of \$1 million annually.
- An existing customer promoting to the running and exercise communities typically orders \$150,000 of product annually.
- A new customer exporting to the Middle East has indicated interest of ordering \$150,000 of product annually.

Chewable Sleep Tablet – An existing customer has placed an order for \$45,000. The customer's product has experienced increased demand resulting in more orders per year with higher production quantities. Annual expected recurring orders of \$200,000.

Dental Whitening Gum - A new customer is expected to place an order soon for this innovative gum. The initial order is expected to be \$35,000 and potential recurring orders in excess of \$100,000 per year initially.

Immune Support Chewable Tablet – An existing customer typically places orders of \$150,000 annually.

Breathalyzer Equalizer Gum – This is a very unique new product developed for a customer that has indicated interest of ordering at least \$150,000 of product annually. This customer also is developing a portfolio of gum products that deliver active ingredients targeting specific maladies in the mouth and throat.

### Probiotic Gum (2 Different Types)

- An existing customer has launched a gum with probiotics for the digestive tract and expects increasing orders after penetrating retail distribution in 2016.

- A new customer for the digestive probiotic gum is expected to place an initial order very soon targeting the natural products and medical practitioner channels.
- An ingredient company with a specialized probiotic that is anti-microbial in the mouth and throat is testing the probiotic gum developed by Mastix. A successful test for cfu (colony forming units) will provide a commercial path with the assistance of the ingredient company who has pent-up demand with customers for the probiotic gum.

In addition to the aforementioned opportunities Mastix is working on multiple projects with approximately 20 potential customers to develop products including CBD gum and lozenges, energy products, tobacco gum, weight loss gum, cough lozenge, lozenge for nausea, chewable for eye health, gum with an anti-inflammatory active, and a chewable antacid.

## Intellectual Property

Management is focused on establishing and expanding its intellectual property rights as an important means of ensuring that its proprietary products do not become commodities, thereby protecting its high margins and sustaining its competitive advantages. On February 6, 2007, the Company received notification it was awarded patent # 7,192,614 on GelStat Migraine (compositions and methods of treatment to alleviate or prevent migraine headaches and their associated symptoms).



### **Mastix Medica** – Trade Secrets & Provisional Patent Applications

- Improved Method for Manufacturing Medicated Chewing Gum Without Cooling.
- Method for Incorporating Oil-Based Ingredients into a Chewing Gum Mix to Make Compressed Gum Tablets.
- Method for Incorporating Oil-Based Ingredients into a Powder Mix to Make Compressed Tablets.

### **CBD Infused Products**

To make any health-related claims regarding the benefits of our products, we must have clinical data to support those claims. To that end we have been working for over a year with Dr. Roger Cady, MD and Dr. Paul Durham to conduct studies on the effectiveness of CBD-infused products. Dr. Cady is the founder of Headache Care Center, Clinvest, and Primary Care Education. He is a graduate of the Mayo Medical School and is Board Certified by the American Board of Family Practice. Dr. Paul Durham is a Distinguished Professor of Cell Biology at Missouri State University.

Studies are currently underway to examine and document the anti-inflammatory properties of CBD. The first phase of that project was completed in December 2014 and the initial results were highly encouraging. Dr. Durham recently completed a follow-up animal model study with very promising results. The conclusion of this study is summarized in the following sentence from the study write-up: “Based on our results, we propose that cannabidiol would be effective in blocking and potentially reversing pain mediated by either peripheral or central sensitization – physiological conditions implicated in migraine, arthritis, TMD, and other neuroinflammatory diseases.” Dr. Cady and Dr. Durham believe that the results from these preliminary studies are “game changers” in treating migraines, arthritis and other inflammation-related maladies. In fact, they are suggesting that Gelstat may wish to pursue patent coverage for Gelstat’s formulations of these maladies.

## **Trade Secrets and Formulations**

In addition to trademarks and patent applications, the company protects its intellectual property through trade secrets primarily with its manufacturing expertise and formulations.

## **Management Team**

### **Robert (Bob) Estey, Chief Executive Officer and Director**

The founder of Mastix Medica, Mr. Estey has led companies through successful turnarounds and start-up situations. In these situations, Mr. Estey had CFO and operational responsibilities at ANI Pharmaceuticals, Xanodyne Pharmaceuticals, Alpharma’s U.S. Generic Pharmaceutical Division and Florida Tile Industries. Earlier in his career, Mr. Estey held a variety of increasingly responsible financial and operational positions in life science and consumer products companies that includes Pfizer, Praxis Biologics, Everest Healthcare, Lever Bros. and Pennwalt.

Mr. Estey holds a BA degree in Economics from Colgate University and an MBA in Operations Research from the Rochester Institute of Technology. He is also a Certified Management Accountant (CMA).

### **Gerald N. Kieft, Chief Financial Officer and Director**

Mr. Kieft was the interim CEO for GelStat Corporation from June of 2008 until June of 2013. Mr. Kieft began his career as an analyst for the Loan Source in 1991, providing debt-funding sources for small businesses through Small Business Association (SBA) loans. Subsequently, Mr. Kieft has founded, built and managed a number of successful companies as well as worked as a buy-side analyst for a hedge fund, a sell-side analyst for a boutique brokerage firm and as a consultant to high net worth individuals and emerging growth companies at a number of financial institutions including Prudential Securities, Legg Mason Wood Walker and Raymond James & Associates.

Mr. Kieft is a graduate of Eastern Illinois University, where he earned a Bachelor of Science in Business degree, majoring in Finance, as well as a Bachelor of Arts degree, majoring in Economics.

**Tim Sweeney, Consultant – Branding and Marketing**

Tim Sweeney is a senior management executive with over 25 years' experience in marketing and sales. He started his career in advertising with Best Foods International's Hellmann's Mayonnaise and Skippy Peanut Butter brands. Over the last 15years, he has concentrated on the Direct Response (DR) advertising of natural supplements as well as health and beauty aids working as in-house marketing consultant for the clients of Vita Quest International, the largest private label natural supplemental manufacturer in the U.S. This vast experience has enabled him to steward products from basic concept to national retail expansion of direct response developed brands such as H57 Hoodia, George Foreman's LifeShake, and the Quick Trim Diet Plan with the Kardashian sisters.

**Roger Cady, M.D, Chief Medical Advisor**

Dr. Cady is the founder of Headache Care Center, Clinvest, and Primary Care Education. He is a graduate of the Mayo Medical School, and is Board Certified by the American Board of Family Practice. His board certification in Headache Medicine was awarded by the United Council for Neurologic Subspecialties, and he holds a Certificate of Added Qualification through the National Board of Certification in Headache Management. He is a member of multiple medical associations, including the American Medical Association, the National Headache Foundation, the American Headache Society, the American Academy of Pain Management, and the American Academy of Family Physicians. Dr. Cady is best known in the medical community for his pivotal contributions in the field of headache and migraine management. He was the co-recipient of the prestigious Wolff Award in 2000 from the American Headache Society for his research entitled "The Spectrum of Headache". He is well-published and has presented countless lectures and seminars around the world on headache, migraine, and other chronic disorders, and continues to be the principal investigator in numerous multi-center research studies. Dr. Cady currently serves on 12 Advisory Boards and is a member of the Board of Directors for the National Headache Foundation.

## Capital Structure (as of 9/30/2015)

### Common Stock:

500,000,000	Shares authorized
391,310,390	Shares issued and outstanding
55,000,000	Approximate number of shares registered to trade

**Preferred Stock:** None Issued

**Convertible Debt:** None

**Warrants:** 37,312,500 with weighted average exercise of \$0.02 and a weighted average remaining terms of 2.52

## Investment Considerations

GelStat Corporation and its wholly owned subsidiary Mastix Medica have significant competitive advantages in functional gum and lozenge niches as well as with CBD infused products. Collectively, the revenue potential from these niches could be in the hundreds of millions. To pursue these opportunities, the Company needs working capital to implement a sales and marketing effort to increase contract manufacturing revenue, build its initial inventory of Lubitol and fund marketing efforts to drive sales of the proprietary consumer products it manufactures including GelStat Sleep, Chews2Lose and Lubitol. To concentrate its resources on the highest ROI projects and raise additional capital, the Company intends to sell the products/brands it doesn't manufacture including GelStat Migraine and All Natural Speed.

The current manufacturing operations have the capacity of generating \$20 million to \$30 million in revenue and it turns cash flow positive with revenue between \$650,000 and \$750,000 per quarter. This is a very obtainable goal given that the company was able to generate \$750,000 in revenue and was slightly cash flow positive in the 4<sup>th</sup> quarter of 2014. Furthermore, Mastix generated over \$4.5 million in revenue in 2013 and was profitable before losing a key customer due to an acquisition of that customer by a large multi-national consumer products company. The strategy to minimize key customer risk and smooth revenue and earnings going forward is to build the sales of our proprietary products to a level that supports the manufacturing operations. Thus, additional contract manufacturing business would increase profitability.

GelStat provides risk tolerant investors with a startup valuation in a company that has existing operations and proven manufacturing capabilities, public company liquidity and a stake in the explosive CBD market.



**GelStat Corporation**

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