Neurotech

30 October 2020

Quarterly Report for the period ended 30 September 2020

Highlights

- **Neurotech analysis of 80 cannabis samples from the Dolce Cann Global genetic portfolio return a variety of cannabinoids, including newly discovered phytocannabinoids CBDP and CBDB**
- **Research suggest these phytocannabinoids may be more medicinally effective than CBD**
- **All 80 samples independently tested by ACS Laboratories contained varying amounts of all major cannabinoids – CBDV, CBDA, CBGA, CBG, CBD, THCV, CBN, THC, d8-THC, CBC and THCA**
- **Results support Neurotech's option to acquire an exclusive worldwide licence to use Dolce Cann Global's proprietary cannabis strains for medicinal use in treating neurological disorders such as autism, epilepsy and ADHD**
- **NTI commences independent in vitro testing (using human derived cell lines) to analyse the bio-efficacy on seven key cannabis strains after recent analytical program comprising 80 samples**
- **Studies to assess activities of newly discovered cannabinoids including CBDP and CBDB – making Neurotech one of the first organisations globally to carry out cell line studies on these new cannabinoid varieties**
- **In vitro testing to be carried out at three leading independent laboratories – Monash University, University of Wollongong and RMIT**
- **Testing expected to be completed by November 2020. If successful, NTI will commence clinical trials with an Australian university, utilising Dolce cannabis strains and its own proprietary Mente autism neurofeedback device which analyses brain wave activity**
- **NTI completes acquisition of exclusive rights to use Dolce's proprietary cannabis strains in its research**
- **NTI secures Brain Therapeutics as distributor for Mente Autism device in Greece**
- **Experienced biotechnology entrepreneur Brian Leedman appointed Non-executive Chairman**
- **Neurotech CEO Peter Griffiths transitions to CEO of Maltese subsidiary AAT Research Ltd.**

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Neurotech International Limited (ASX: NTI) ("Neurotech" or "the Company") is pleased to present its quarterly report for the period ended 30 September 2020.

In August 2020, Neurotech reported encouraging early results from the first 40 samples tested as part of cannabinoid genetic profiling and analysis by ACS Laboratories ("ACS"). The testing was the first step in Neurotech's research into the potential of cannabinoids for medicinal use in treating neurological disorders including autism, epilepsy and ADHD. Neurotech had earlier obtained an option to acquire an exclusive worldwide licence to use proprietary cannabis strains from the Australian cannabis company, Dolce Cann Global ("Dolce").

Dolce has proprietary genetics sourced from 13 rare chemovars, bolstered over 20 years by selective breeding targeted for distinct purposes such as cultivation method, climate, yield, phytochemical content and harvested products including flower, seed, fibre or biomass.

ACS, a leader in medicinal cannabis analytical methods, analysed samples using well-established and published High Performance Liquid Chromatography Ultraviolet (HPLC/UV) and Mass Spectrometry (MS) methods. An analytical screen was carried out on 10 major cannabinoids. ACS reported the first 40 samples returned a "wide cannabinoid profile".

On 7 September 2020, Neurotech reported that it would proceed to in vitro trials after further positive results from analysis on the full 80 cannabis samples from Dolce supported Neurotech's plans.

ACS found all 80 samples submitted by Neurotech contained varying amounts of all major cannabinoids, including CBDV, CBDA, CBGA, CBG, CBD, THCV, CBN, THC, d8-THC, CBC and THCA. However, analysis found Neurotech's lead samples contained levels of cannabinoid CBDA of up to approx. 12%, which is promising for the Company's planned research.

CBDA has been reported as a powerful active with neuromodulation, anti-anxiety and anti-inflammatory properties, showing promise for treating disorders such as ADD and seizures. Research is underway to test its potency compared to the more commonly used CBD.

ACS' analysis allowed Neurotech to identify the top leads from the 80 samples provided by Dolce.

Later in September 2020, NTI announced it had commenced independent in vitro cell studies using human derived cell lines to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of key cannabis strains. Neurotech is believed to be one of the first groups in the world to undertake cell line studies on newly discovered cannabinoid varieties such as CBDA, CBDP and CBDB.

The in vitro studies are assessing the activities of the lead Dolce strains, determined by the earlier genetic profiling, in human neuroblast cells as well as microglial cells and assays.

The in vitro trials are being completed across three independent scientific laboratories, Monash University, University of Wollongong and RMIT in Melbourne. All three facilities are internationally recognised for their work in cannabinoid research and development.

Neurotech expects in vitro trials to be completed by early November. Based on the findings of this work, Neurotech plans to commence clinical trials, using the key cannabis strains from Dolce and its own proprietary Mente autism neurofeedback device which analyses brain wave activity.

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Commercial agreement with Brain Therapeutics

In September 2020, Neurotech announced it had secured Brain Therapeutics as its Mente Autism distributor in Greece.

With many years of experience bringing premium products, services and support to the healthcare market in Greece and 12 more countries (66 million population), Brain Therapeutics is a central nervous system specialty company focused on three therapeutic areas: psychiatry, neurology and pain. Brain Therapeutics is focused on the high unmet need in the sophisticated area of CNS and the team has collectively more than 100 years' experience within brain disorders, along with commercial capabilities acquired through years of experience in multinational pharma. In addition, the team has a strong network among CNS key opinion leaders.

Brain Therapeutics personnel are preparing an initial marketing plan for Mente Autism after receiving an introduction to the system.

An autism breakthrough, clinically proven Mente helps ASD children to learn to engage positively with their environment. Mente is the world's only personalised neurofeedback therapy clinically proven to help children with ASD self-regulate attention and mood.

Completion of Acquisition

On 30 September 2020, Neurotech advised that it had executed a Biotechnology Licence Deed for the exclusive worldwide licence to use proprietary cannabis strains for medicinal use in treating autism, epilepsy and ADHD.

This represented the last condition precedent for completion of the acquisition by NTI of its rights to the cannabis strains, completing the acquisition.

The Company issued 73,349,127 Shares and 38,000,000 NTIOPT8 Options ($0.010, 31/01/2023) pursuant to offers under the Prospectus dated 26 August 2020, which closed on 30 September 2020.

Board Changes

In October 2020, NTI appointed experienced biotechnology entrepreneur Brian Leedman as Non-executive Chairman.

Mr Leedman is the founder and former director of a number of ASX-listed biotechnology companies that have achieved large returns for shareholders. Neurotech appointed Mr Leedman following its recent completion of an acquisition for an exclusive worldwide licence to use proprietary cannabis strains for medicinal use in treating autism, epilepsy and ADHD.

Mr Leedman is formerly the Chairman (WA) of Ausbiotech, Founder and Executive Director of ResApp Health, Co-founder of Oncosil Medical and Biolife Sciences Limited (acquired by Imugene Limited) and non-executive Director of Alcidion Corporation. He is the Chairman of NeuroScientific Biopharmaceuticals and Nutritional Growth Solutions. He holds a BEc and an MBA from the University of Western Australia and has more than 15 years' experience in the biotechnology sector.

Mr Peter Griffiths transitioned from his role as a director and Chief Executive Officer of the Company to Chief

Executive Officer of the Company's Maltese subsidiary AAT Research Ltd, overseeing the Company's Mente program, and Dr David Cantor retired from the Board of the Company. The Board thanks Mr Griffith and Dr Cantor for their service as directors of the Company.

The Company will seek shareholder approval for a grant of options to Mr Leedman. Upon shareholder approval, the Company will issue 10,000,000 Options ($0.015, 31 October 2023) and 10,000,000 Options ($0.02, 31 October 2023) subject to the vesting condition that Mr Leedman remains a director of the Company until 19 April 2021.

Results of Meeting

At a General Meeting of shareholders held on 31 August 2020, all resolutions put to the meeting passed via a poll. Resolutions were as follows:

- Ratification of issue of Tranche 1 Placement Shares to Placement Participants
- Approval to issue Tranche 2 Placement Shares to Placement Participants
- Approval to issue Shares and Options to Dolce Cann Global Pty Ltd
- Approval to issue Shares and Options to Crown Luggers Pty Ltd
- Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Mark Davies
- Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Winton Willesee
- Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Peter Griffiths
- Approval to issue Shares to Directors to pay outstanding Directors fees – Dr David Cantor

Authority

This announcement has been authorised for release by the Board of Directors of the Company.

Further Information

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Winton Willesee
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About Neurotech

Neurotech International Limited is a medical device and solutions company incorporated in Australia and operating through its wholly-owned, Malta-based subsidiary AAT Research Limited. Neurotech's primary mission is to improve the lives of people with neurological conditions, with in home-use and clinical neurotechnology solutions that are both accessible and affordable. Through flagship device Mente and its associated platform, Neurotech is focused on facilitating the development and commercialisation of technological solutions for the screening and treatment of symptoms associated with conditions such as autism. Mente is the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity. For more information about Neurotech and Mente Autism please visit:

http://www.neurotechinternational.com.
http://www.mentetech.com.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Neurotech International Limited	
ABN	**Quarter ended ("current quarter")**
73 610 205 402	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	12	12
1.2	Payments for		
	(a) research and development	(102)	(102)
	(b) product manufacturing and operating costs	(21)	(21)
	(c) advertising and marketing	(6)	(6)
	(d) leased assets	0	0
	(e) staff costs	(46)	(46)
	(f) administration and corporate costs	(125)	(125)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	0	0
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other (VAT Refunds)	6	6
1.9	**Net cash from / (used in) operating activities**	**(282)**	**(282)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	(70)	(70)
	(e) intellectual property	0	0
	(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	**Net cash from / (used in) investing activities**	**(70)**	**(70)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	500	500
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(49)	(49)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(18)	(18)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	**Net cash from / (used in) financing activities**	**433**	**433**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(282)	(282)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(70)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	433	433
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	**Cash and cash equivalents at end of period**	**89**	**89**

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	89	89
5.2	Call deposits		
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)**	**89**	**89**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	48
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amounts at Section 6.1 are fees for book-keeping and accounting services, company secretarial and registered office services and director fees.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	99	29
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	0	0

7.5	**Unused financing facilities available at quarter end**	70

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Overdraft facility with a limit of EUR 60,000. The lender is Bank of Valetta. The facility is unsecured. The interest rate is 5.65%.

The above values are stated in AUD, converted from EUR at an exchange rate of 0.6058.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(282)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	89
8.3	Unused finance facilities available at quarter end (Item 7.5)	70
8.4	Total available funding (Item 8.2 + Item 8.3)	159
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	0.56

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company does anticipate a continuing negative operating cashflow.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has entered a trading halt for the purposes of raising the required capital.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer above point 2.

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.

Date: 30 October 2020
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Authorised by: The Board of Directors
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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.