Neurotech

30 April 2021

Quarterly Report for the period ended 31 March 2021

Highlights

- **Neurotech prepares to commence world's first clinical trial to assess full spectrum medicinal cannabis in children with ASD**
- **20 paediatric patients aged between 5-17 years to participate in 16-week study (including a four week wash out period)**
- **Study follows successful in vitro studies that demonstrated efficacy of several NTI/Dolce cannabis strains to treat neurological disorders**
- **NTI commenced discussions with Therapeutic Goods Administration (TGA) for registration of full spectrum <0.3% THC medicinal cannabis strains**
- **$3.56 million raised via a Placement, as well as exercises and underwriting of NTIO options ($0.06, expired on 31 March 2021) to fund expansion of clinical trial, Mente marketing and working capital**
- **Krista Bates appointed Non-Executive Director**
- **Formed strategic cultivation partnership with CannaPacific to grow and maintain genetic stock and help develop elite varietal cannabis strains**
- **Licence with Dolce Cann Global expanded to include all neurological disorders**

Neurotech International Limited (ASX: NTI) ("Neurotech" or "the Company") is pleased to present its quarterly report for the period ended 31 March 2021.

In February, Neurotech provided an update on its clinical study program, having successfully completed a series of in vitro studies that demonstrated that the NTI/Dolce strains, with the newly discovered rarer cannabinoids CBDP and CBDB, have powerful, unique properties that extend beyond CBD.

The neuro-modulatory activity of CBD has been well characterised and documented over recent years, with studies and discoveries confirming the rarer cannabinoids (CBDP and CBDB) have wider novel neuro-modulatory and neuro-protective modes of action when compared to CBD alone[1]. The discovery and research into these new cannabinoids offers an exciting new chapter in the field of medicinal cannabis, with the potential of offering a wider range therapeutic options to patients.

Following its successful in vitro findings, the Company engaged with clinical experts in the field of translational medicinal cannabis to design a Phase I/II study to evaluate the safety and efficacy of orally administered NTI/Dolce full spectrum medicinal cannabis plant extract in children with Autism Spectrum Disorder ("ASD"), together with the efficacy of the Mente device.

The Study follows the successful completion of a series of in vitro studies that demonstrated that the NTI/Dolce strains, with the newly discovered rarer cannabinoids CBDP and CBDB, have powerful, unique properties that extend beyond CBD alone in results including:

[1] *Nature.com: A novel phytocannabinoid isolated from Cannabis sativa L. with an in vivo cannabimimetic activity higher than Δ9-tetrahydrocannabinol: Δ9-Tetrahydrocannabiphorol*

- Reduced inflammation within the brain cells;
- Improve mitochondrial viability in the presence of an external toxic insult (glutamate);
- Increased cell health and viability in the presence of an external insult;
- More potency than CBD isolate alone in all tests – between 30% and 80%;
- Increased number of mitochondrial cells without any toxic insult;
- Have no negative effects on cell health and maintain cell viability;
- Demonstrate neuroprotective activity in the presence of insult.

This Study will assess full spectrum (multiple cannabinoid) plant with less than 0.3% THC for children (aged 5 to 17) with ASD. If successful, this combination of the cannabis strains and the Mente device has the potential to be a “world-first” in the management of neurological diseases.

During and immediately following the quarter, the Company completed several key steps including:

- Completing trial design and protocols.
- Development of a final formulation for treatment delivery to patients.
- Development of several electronic data collection systems that will be used throughout the study to capture real-time data, including electronic psychologist assessments and electronic auditing and patient compliance systems to ensure patient compliance is achieved and patient feedback is continuously received.

The Study will be conducted under the guidance and supervision of A/Professor Michael Fahey, Head of Paediatric Neurology Monash Children’s Hospital. NTI/Dolce lead strain (FEN 164) will assess key behaviours primarily relating to irritability and aggression over a 16-week period (including a four week wash out period).

NTI has commenced discussions with the TGA and relevant regulatory agencies for the therapeutic expansion and registration of these novel full spectrum plants. Studies have been designed to assess dose escalation, efficacy and four-week wash out period (no treatment). All patients will be monitored and assessed by A/Prof Fahey and his team which comprises of senior autism / behavioral clinical psychologists.

Commencement of the clinical trial follows the announcement in March of a strategic cultivation partnership with CannaPacific Limited (“CannaPacific”) to grow and maintain genetic stock and assist in the development of elite varietal strains developed by NTI and Dolce Cann through their exclusive licencing agreement.

The partnership will enable NTI to prepare for expanded clinical studies in larger patient groups over the next six months as the trial parameters are intended to form the basis for larger future studies which will assess the efficacy of these strains in a broader patient population in respect of autism and related neurological disorders.

CannaPacific will house the genetic stock and assist in the development of NTI's exclusively licensed Dolce varietal strains within CannaPacific's Northern NSW cultivation facility. CannaPacific is licenced and permitted by the Australian Government (Office of Drug Control) to cultivate and research medicinal cannabis which is a requirement to commence sales under the TGA Special Access Scheme.

CORPORATE

Capital raising

In March, Neurotech announced it had reached an agreement with the Merchant Opportunities Fund to underwrite the shortfall from the exercise of 26,122,966 listed Options which were due to expire on 31 March 2021. Neurotech received a total of $1.56 million from the exercise of the Options and the underwritten shortfall at $0.06 (6 cents).

The Company also received binding commitments for a placement to raise $2.0 million (before costs) via the issue of 36,363,637 fully paid ordinary shares at $0.055 (5.5 cents) per share to sophisticated and professional investors. The placement shares were issued under the Company's remaining placement capacity pursuant to ASX Listing Rule 7.1A. Neurotech lodged a prospectus for the issue of the placement shares on 19 April 2021. Merchant Group Pty Ltd was Lead Manager to the placement.

The funds raised by the option exercise and placement allow the Company flexibility to increase patient numbers in its Phase I/II human clinical trial focussed on paediatric patients who suffer from autism and related disorders. Funds will also be used in the marketing of the Mente device, add to working capital and pay costs of the offer.

Placement shares were settled and allotted on 15 March 2021 and Shortfall shares were settled and allotted on 16 April 2021.

Board Appointment

Neurotech appointed Krista Bates as a non-executive director, effective 5 April 2021.

Ms Bates is an experienced non-executive and executive director of listed companies and various private companies in multiple jurisdictions. She is commercially experienced, particularly talented in turnarounds, structuring, risk mitigation and strategic rollout of commercial initiatives. She has an exceptional legal background with over 20 years' experience in the legal market, with extensive experience working in emerging markets in both a commercial and legal capacity.

Ms Bates is currently a Non-executive Director of AusCann Holdings (ASX:AC8) and Australia-Africa Minerals & Energy Group. She is also a Corporate Partner at Lavan law firm, where she is Head of Mining & Resources Group and Head of Medical Cannabis Group.

Formerly, she has held both Executive and Non-executive Directorship roles at Credit Intelligence (ASX:CI1) and Fastjet, London, Nairobi, Harare and Dar es Salaam (LSE:FJET), and Corporate Partner roles at Anjarwalla & Khanna (Nairobi, Kenya) and Clyde & Co (London and Dar es Salaam, Tanzania).

Expansion of Dolce Cann Global licence

In March, Neurotech announced an expansion of its licence with Dolce Cann Global. The exclusive licence was expanded to include all neurological disorders, specifically - autism, epilepsy, ADHD, Alzheimer's disease, Huntington's disease, Multiple Sclerosis, Transverse Myelitis, inflammatory brain disease, fibromyalgia, chronic fatigue, migraine and any other disorder, disease or affliction affecting the human brain function.

In consideration for the licensors agreeing to vary the licence deed, the Company as licensee issued 15,000,000 shares to Dolce Cann Global on 15 March 2021. A further 15,000,000 performance rights is required to be issued to Dolce Cann Global or its nominee and will vest upon the Company successfully completing a small-scale clinical trial based on a neurological disorder (excluding Autism, Epilepsy or ADHD)

by 1 March 2023.

The initial tranche of 15,000,000 shares was issued under the Company's placement capacity pursuant to ASX Listing Rule 7.1. The Company is seeking shareholder approval for the issue of the 15,000,000 performance rights pursuant to the Notice of General Meeting lodged on 7 April 2021.

Notice of Meeting

Neurotech will convene a General Meeting of Shareholders at Suite 41, 145 Stirling Highway, Nedlands WA on 7 May 2021, with a Notice of Meeting lodged on 7 April 2021 and available on the ASX website at www2.asx.com.au (ASX:NTI). Resolutions to be considered at the meeting are:

1. Ratification of issue of Placement Shares to Placement Participants
2. Approval to issue Underwriting Options to Merchant Group Pty Ltd
3. Approval to issue Fee Options to Merchant Group Pty Ltd
4. Ratification of issue of Licensee Shares to Dolce Cann Global Pty Ltd
5. Approval to issue Performance Rights to Dolce Cann Global Pty Ltd for Expanded Licence
6. Approval to issue Shares to CannaPacific Pty Ltd

Operational expenditure and payments to related parties

As noted in its Appendix 4C, during the quarter the Company expended a gross total, excluding revenue sources, of $647,000 on the operations of the Company. This was made up of research and development ($271,000), product manufacturing ($7,000), advertising and marketing ($15,000), staff costs ($54,000), administrative and corporate costs ($299,000) and interest ($1,000).

Further, payments to related parties and their associates as detailed in Section 6 of the Appendix 4C relate to director fees ($45,000) and corporate services, accounting and company secretarial fees ($49,000) and executive fees and associated services in Malta ($24,000).

Authority

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

Further Information

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About Neurotech

Neurotech International Limited is a medical device and solutions company conducting clinical studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of our proprietary NTI/Dolce cannabis strains. Neurotech is also commercialising Mente, 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

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	31 March 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	11	30
1.2	Payments for		
	(a) research and development	(271)	(631)
	(b) product manufacturing and operating costs	(7)	(33)
	(c) advertising and marketing	(15)	(62)
	(d) leased assets	0	0
	(e) staff costs	(54)	(140)
	(f) administration and corporate costs	(299)	(667)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	0	0
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	32	45
1.8	Other (VAT Refunds)	6	20
1.9	**Net cash from / (used in) operating activities**	**(598)**	**(1440)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	(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 (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	23
	(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**	**0**	**(47)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	5,000
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	290	449
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(155)	(362)
3.5	Proceeds from borrowings	0	100
3.6	Repayment of borrowings	0	(147)
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**	**2,135**	**5,040**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,019	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(598)	(1,440)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(47)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,135	5,040
4.5	Effect of movement in exchange rates on cash held	(4)	(13)
4.6	**Cash and cash equivalents at end of period**	**3,552**	**3,552**

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	3,552	2,019
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)**	**3,552**	**2,019**

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	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Payments at section 6.relate to director fees ($44,333) and corporate services, accounting and company secretarial fees ($74,138).

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	92	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	92	0

7.5	**Unused financing facilities available at quarter end**	92

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 0.6493.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(598)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,552
8.3	Unused finance facilities available at quarter end (item 7.5)	92
8.4	Total available funding (item 8.2 + item 8.3)	3,644
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.09

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

8.6.1 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: N/A

8.6.2 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: N/A

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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 April 2021
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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.