Quarterly report for the period ending 30 June 2017

KEY HIGHLIGHTS

- *Continued expansion of distributorship network into key target markets*
- *Initial shipments of devices to markets across Europe and Asia*
- *Initial cohorts under US Clinical Trial nearing session completion*
- *Preliminary results expected to be presented at world renowned mental health conference at the University of Cambridge in September*
- *Inclusion of Mente Autism on the Australian Register of Therapeutic Goods*

Perth, Australia & Malta – *31 July 2017* – Neurotech International Limited (ASX: NTI) ("Neurotech" or the "Company"), is pleased to present its Quarterly Report for the period ending 30 June 2017.

With the conclusion of the 2017 financial year, Neurotech has achieved various corporate, commercial, operational and regulatory landmarks, since listing on the ASX in November 2016. These include:

- Receipt of key regulatory approvals in Europe (CE Mark) and Australia (TGA);
- Initial sales of the Mente Autism device across selective target markets in Europe and the Middle East;
- Continued expansion and consolidation of the Company's distribution partner network;
- Commencement of the Company's independent US Clinical Trial;
- Streamlining the organisational structure; and
- Continuous upgrades of the Mente Autism device and software platform.

Chief Executive Officer Wolfgang Storf said: "What we have been able to accomplish in a relatively compressed timeframe is a true testament to the strength of the commercial, product development and research teams that we now have in place. We have also managed to significantly raise the profile of Neurotech and Mente Autism at various autism conferences in Europe. Looking forward, all of these will serve as a strong platform for the Company as it continues to grow into new markets."

Key milestones achieved during the June quarter are further detailed below.

CONTINUED FOCUS ON SOLIDIFYING DISTRIBUTION NETWORK

During the June quarter, Neurotech made significant progress in securing a number of distributorships in various jurisdictions. This included:

- Bonvie Group (Greece and Cyprus);
- VDT Psychologie- & Medizinvertrieb (Germany and Switzerland);
- Attieh Medico (Saudi Arabia); and

- ESE Pazarlama, comprising a three-year renewal of an existing distributorship (Turkey).

All potential distribution partners are now assessed against a set criteria to determine the quality and capability of each potential partner to effectively market Mente Autism within their respective market. These criteria include assessing the experience and track record of the proposed partner within both the neurofeedback field and broader medical devices sector, as well as the in-country infrastructure and resources they possess.

Over the period, 13 Mente Autism devices were shipped to new and existing distributors in Europe and Asia. Seven of these devices were for new users, with the remainder being sold as trade-in devices. The latter is covered under a limited trade-in program for existing distribution partners with a large Mente 2 user base, to upgrade these devices to Mente Autism. In addition, subsequent to 30 June 2017, a further 25 trade-in devices have been shipped during July.

Whilst the specific terms of each distribution deal remain confidential, they typically include an initial small shipment of devices to assist with in-country training, marketing and general awareness of the product ahead of anticipated further shipments.

CLINICAL TRIAL

The clinical trial for Mente Autism ("Clinical Trial"), which is being independently conducted by the Carrick Institute in Florida, USA, aims to investigate Mente Autism as a therapy for children aged between 3 and 12 years on the autism spectrum.

The Clinical Trial continued to gather momentum, with investigators confirming they are approaching the end of the 12-week therapy session for the initial cohort of subjects in late May. Professor Frederik R Carrick, the lead investigator for the Clinical Trial, will be presenting preliminary findings from the initial cohorts at the 6th Cambridge International Conference on Mental Health 2017 in September 2017, which is being held by the Bedfordshire Centre for Mental Health Research, in association with the University of Cambridge.

Remaining cohorts will conclude their sessions over the coming months, with the final cohort expected to complete their sessions towards the end of 2017.

PROGRESS MADE ON REGULATORY APPROVALS

During the quarter, Neurotech made progress in two regulatory areas, with the inclusion of Mente Autism on the Australian Register of Therapeutic Goods, thereby opening access to the Australian market, and meeting with the US FDA to obtain feedback on Neurotech's regulatory and clinical plan to support FDA clearance of Mente Autism.

Based on this feedback, Mente Autism is expected to be marketed as a Class II regulated device in the US, under the traditional 510(k) submission route.

ITALIAN DISTRIBUTION AGREEMENT UPDATE

Neurotech continues to be engaged in discussions with its Italian distributor, Promosalute, with regards to outstanding invoices and entering into an agreed delivery plan for devices under these invoices.

An initial part payment of €16,000 has been received for the 30 units delivered to date. Recognising the importance of Italy as a target country for the Company, Neurotech is also supporting Promosalute in its discussions with the Italian Ministry of Health to explore requirements and timelines for the potential qualification of Mente Autism under national reimbursement schemes.

OUTLOOK

Over the remainder of 2017 the Company is focused on both seeking to further widen its distribution network into new regions, including Australia, the United Kingdom and other regions, whilst also continuing to work with the Company's existing partners to increase awareness of the product to drive further unit sales.

During this period, Neurotech will also look forward receiving the preliminary findings from the Clinical Trial.

Finally, the Company will also continue to progress its regulatory approval process in the US and investigate any potential strategic initiatives to drive shareholder value.

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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 a vision of becoming the global leader in home-use and clinical neurotechnology solutions that are both accessible and affordable. Through flagship device Mente Autism and its associated platform, Neurotech is focused on the development and commercialisation of technological solutions for the diagnosis and treatment of such conditions, starting with autism.

Mente Autism is a clinical-quality EEG device that uses neurofeedback technology to help children with ASD. Designed for home use, Mente Autism helps relax the minds of children on the spectrum which in turns helps them to focus better and engage positively with their environment.

For more information about Neurotech and Mente Autism please visit:

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

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity	
Neurotech International Limited	
ABN	**Quarter ended ("current quarter")**
73 610 205 402	30 June 2017

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	50	69
1.2	Payments for		
	(a) research and development	(122)	(858)
	(b) product manufacturing and operating costs	(235)	(900)
	(c) advertising and marketing	(5)	(139)
	(d) leased assets	-	-
	(e) staff costs	(154)	(631)
	(f) administration and corporate costs	(172)	(441)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	21
1.5	Interest and other costs of finance paid	(5)	(102)
1.6	Income taxes paid	-	(15)
1.7	Government grants and tax incentives	-	5
1.8	Other (provide details if material)	-	108
1.9	**Net cash from / (used in) operating activities**	**(635)**	**(2,883)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(52)	(131)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(52)**	**(131)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	7,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(887)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(76)	(873)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(76)**	**5,240**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,372	379
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(635)	(2,883)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(52)	(131)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(76)	5,240

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	28	32
4.6	**Cash and cash equivalents at end of quarter**	**2,637**	**2,637**

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	135	89
5.2	Call deposits	2,502	3,283
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)**	**2,637**	**3,372**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	62
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes $39,833 directors fee for the period to June 2017 and
$22,500 paid to associates entity for management services provided to 30 June 2017.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	22
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Management Fees of $22,500 paid to associates entity for services provided to 30 June 2017.

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	465	393
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

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

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	407
9.2	Product manufacturing and operating costs	228
9.3	Advertising and marketing	29
9.4	Leased assets	
9.5	Staff costs	214
9.6	Administration and corporate costs	230
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**1,108**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31/07/2017
(Company secretary)

Print name: Fleur Hudson
.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.