



NeuroScientific

BIOPHARMACEUTICALS



PROSPECTUS

For an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000.

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to an additional \$1,000,000 may be accepted.

**NEUROSCIENTIFIC
BIOPHARMACEUTICALS LTD**

ACN 102 832 995

IMPORTANT INFORMATION

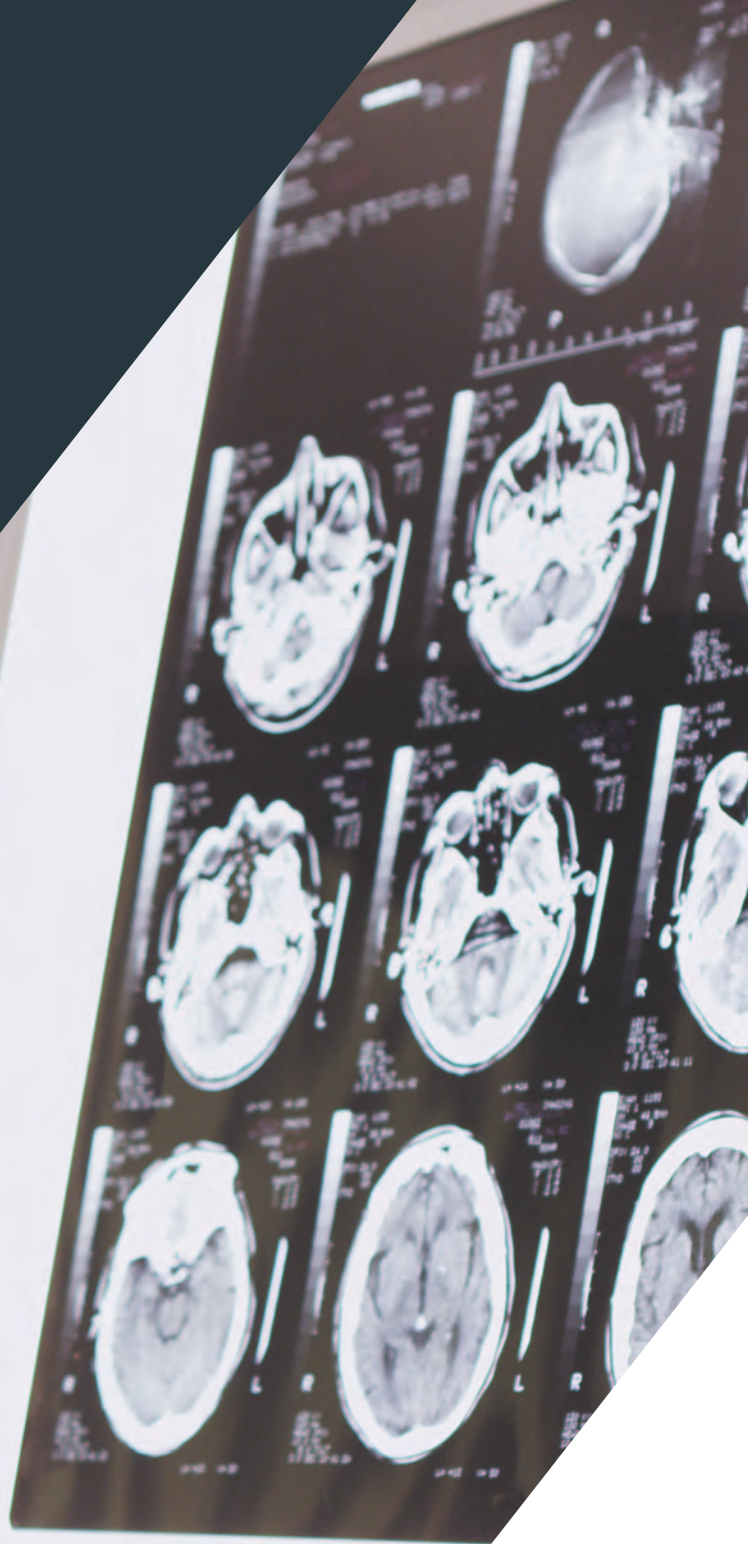
This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**

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01

CORPORATE
DIRECTORY



NeuroScientific
BIOPHARMACEUTICALS

Directors

Mr Brian Leedman
Non-Executive Chairman

Mr Matthew Liddelow
Managing Director & CEO

Dr Anton Uvarov
Executive Director

Mr Stephen Quantrill
Non-Executive Director

Company Secretary

Mr Thomas Spencer

Proposed ASX Code

NSB

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

Investigating Accountant

RSM Corporate Australia Pty Ltd
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Perth, WA 6000

Patent Attorney

O'Sullivan's Patent & Trade Mark Attorneys
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Nedlands, WA 6009

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Level 4, 216 St Georges Terrace
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Auditor

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Level 32, 2 The Esplanade
Perth, WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

02

IMPORTANT
NOTICE



NeuroScientific
BIOPHARMACEUTICALS

2.1 › General

This Prospectus is dated 9 May 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

2.2 › Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

2.3 › Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.neuroscientific.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 > Website

No document or information included on our website is incorporated by reference into this Prospectus.

2.5 > Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 10 of this Prospectus.

2.6 > Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

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KEY OFFER INFORMATION



NeuroScientific
BIOPHARMACEUTICALS

3.1 > Indicative Timetable *

Lodgement of Prospectus with the ASIC	9 May 2018
Exposure Period Ends	16 May 2018
Opening Date	17 May 2018
Closing Date	15 June 2018
Issue of Securities and despatch of holding statements	18 June 2018
Expected date for quotation on ASX	22 June 2018

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to applicants.*

3.2 > Capital Structure

The capital structure of the Company following completion of the Offers is summarised below:

	Shares ¹ \$5,000,000 Capital Raising	Shares ¹ \$6,000,000 Capital Raising	Options ² \$5,000,000 Capital Raising	Options ² \$6,000,000 Capital Raising	Performance Shares ³
Current	31,355,592	31,355,592	36,000,000	36,000,000	3,750,000
Public Offer	25,000,000	30,000,000			
Convertible Note Offer ⁴	11,000,000	11,000,000			
Shares issued upon conversion of Class A Performance Shares	950,000	950,000			(950,000)
Director Shares ⁵	275,000	275,000			
Option Entitlement Issue ²			27,432,237	29,432,237	
TOTAL	68,580,592	73,580,592	63,432,237	65,432,237	2,800,000

Notes:

1. The rights attaching to the Shares are summarised in Section 13.2.
2. The terms and conditions attaching to the Options currently on issue and the Options proposed to be issued under the Option Entitlement Issue are set out in Section 13.5.
3. The Company has issued 3,750,000 Performance Shares comprising of 950,000 Class A Performance Shares (which will convert into Shares immediately prior to the Company being admitted to the Official List of the ASX), 700,000 Class B Performance Shares, 700,000 Class C Performance Shares, 700,000 Class D Performance Shares and 700,000 Class E Performance Shares. The rights attaching to the Performance Shares are summarised in Section 13.3. The Performance Shares are held by the Directors (refer to Section 9.7).
4. The Company has issued 440,000 Convertible Notes in consideration for the payment of \$440,000 to the Company, which shall convert into Shares at a deemed issue price of \$0.04 per Share. Refer to Section 13.4 for a summary of the terms attaching to the Convertible Notes.
5. Under Anton Uvarov's Letter of Appointment he has been accruing director fees at \$5,000 per month commencing on 1 August 2017 until the date the Company is admitted to the Official List of the ASX. These fees will be payable through the issue of Shares immediately prior to the Company's being admitted to the Official List of the ASX at an issue price of \$0.20 per Share. This value assumes that the Company's listing occurs on 1 July 2018. Refer to Section 12.5 for a summary of Mr Uvarov's Director appointment letter.

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04

CHAIRMAN'S
LETTER



NeuroScientific
BIOPHARMACEUTICALS

Dear Investor,

On behalf of the Directors, I am pleased to present you with the opportunity to invest in NeuroScientific Biopharmaceuticals Ltd (NeuroScientific).

NeuroScientific is developing peptide-based pharmaceutical drugs that target a number of neurodegenerative conditions with high unmet medical demand. I believe that this Company holds vast potential in the development of novel pharmaceutical solutions for a wide range of neurodegenerative conditions. These highly targeted peptides have the potential to be a breakthrough class of drugs that arrest the progression of neurodegenerative disease and stimulate the regeneration of damaged cells. Notably, this potential has been demonstrated in a mouse model where the optic nerve was severed but regenerated following the introduction of a protein from which our lead peptide is derived (refer Figure 10). These peptides offer a novel therapeutic treatment pathway for neurodegenerative diseases that are currently without effective treatment options.

The Company's lead drug candidate, EmtinB, is most advanced as a treatment for Alzheimer's disease. The Company also holds patents over 15mS.A., which has several novel capabilities that have the potential to translate into diagnostic processes for Alzheimer's Disease.

Several propositions make NeuroScientific an attractive investment, including:

- a. intellectual property rights to a novel therapeutic class of peptides with the potential to treat numerous neurodegenerative conditions with high unmet medical need (EmtinB);
- b. a strong patent position comprising a licence over (with respect to EmtinB) and registered holding (with respect to 15mS.A.) several patent families with applications and granted patents in key international markets; and
- c. incorporation of an efficient business model that allows the Company to tightly control expenditure and competently mitigate risk.

The funds raised by the Public Offer will allow the Company to accelerate the development of EmtinB into Phase I human clinical studies and expand the compound's treatment indication into other neurodegenerative conditions. If the Company is able to complete the Phase 1 trials, it will seek a development partner to commercialise EmtinB with a view to retaining a commercial interest to generate revenue through licensing, royalties or other arrangements.

Through this Prospectus, the Company is inviting investors to subscribe for 25,000,000 Shares, at an issue price of \$0.20 per Share, with subscriptions for up to a further 5,000,000 Shares to raise a maximum of \$6,000,000 (before costs and expenses of the Public Offer). The Company also intends to issue two (2) Entitlement Options for every five (5) Shares held, at an issue price of \$0.001 per Entitlement Option to eligible holders of Shares as at a record date which will be approximately three months after listing on the ASX. The proposed Entitlement Options will be exercisable at \$0.20 each on or before 7 March 2021.

This Prospectus contains detailed information about the Company's operations, financial performance, Directors, management team, future plans for commercialisation of the Company's products and revenue generation. It also outlines detailed information in Section 10 of the risks associated with an investment in an early stage biopharmaceutical company. I encourage you to read and understand this Prospectus carefully and completely, and seek independent professional advice as necessary, before making an investment decision.

I look forward to welcoming you as a shareholder.

Yours sincerely,

Mr Brian Leedman
Non-Executive Chairman

05

INVESTMENT OVERVIEW



NeuroScientific
BIOPHARMACEUTICALS

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
5A > Company		
Who is the issuer of this Prospectus?	NeuroScientific Biopharmaceuticals Ltd (ACN 102 832 995) (NeuroScientific or the Company)	
What does the Company do?	<p>NeuroScientific is developing peptide-based pharmaceutical drugs that target a number of neurodegenerative conditions with high unmet medical demand.</p> <p>The Company's product portfolio consists of:</p> <ul style="list-style-type: none"> a. EmtinB, the Company's lead peptide candidate which is a therapeutic peptide initially targeting Alzheimer's disease (EmtinB); b. 15mS.A. which is being developed as a diagnostic peptide for early-stage Alzheimer's disease (15mS.A.); and c. other Emtin peptides (EmtinAc, EmtinAn, and EmtinBn) which have demonstrated similar therapeutic potential as EmtinB. 	
In what market does the Company operate?	<p>Neurodegenerative conditions involve the abnormal and progressive death of nerve cells (neurons), which have very little capacity to naturally regenerate.</p> <p>Alzheimer's disease is the most prevalent neurodegenerative condition, but also included in this category are demyelinating diseases (multiple sclerosis, optic neuritis), neuropathies (diabetic neuropathy, HIV-related) and tauopathies (Pick's disease, frontal temporal dementia).</p> <p>NeuroScientific is targeting neurodegenerative conditions with high unmet medical need due to the large number of people affected and the lack of effective treatment options currently available.</p>	Section 7

Item	Summary	Further information
<p>What intellectual property does the Company possess?</p>	<p>NeuroScientific has an exclusive licence agreement with UTASH to develop and commercialise the intellectual property related to EmtinB (and other related peptides) (refer to Section 12.1 for a summary of the licence agreement). The Emtin intellectual property includes patents granted in the USA and European markets, research data, reports, and know-how.</p> <p>NeuroScientific owns the intellectual property in relation to the 15mS.A. peptide, which includes patents granted in Australia, the US and European Union.</p>	<p>Sections 8.9 and 12.1 and Annexure A.</p>
<p>What is EmtinB?</p>	<p>The Emtin peptide technology was originally developed by scientists based at the University of Copenhagen’s Institute of Neuroscience and Pharmacology. The University of Tasmania (UTAS), who were active in the same field of research, subsequently acquired the intellectual property from the University of Copenhagen.</p> <p>Emtin peptides are modelled on the domains of a naturally occurring protein, called Metallothionein-II (MTII). Extensive studies have shown that MTII is a neuroprotective protein that is expressed within the central nervous system (CNS) in response to brain injury.</p> <p>The Emtin peptides are synthetic peptides of 14 amino acids in size that are based on specific amino acid sequences identified within the MTII protein structure. Of these peptides, EmtinB is the lead candidate shown to closely mimic the neuroprotective and neuroregenerative ability of MTII in both in-vitro (cultured cell-based) and in-vivo (animal-based) preclinical studies.</p> <p>The mechanism of action of EmtinB is thought to occur via binding to surface-based cell receptors belonging to the LDLR family, which activate intracellular signalling pathways that “turn on” survival-promoting processes of neurons. Specifically, it is thought that EmtinB associates with the LDLR receptor low-density lipoprotein receptor related protein (LRP-1) which is widely expressed within the brain.</p> <p>NeuroScientific considers that preclinical validation of EmtinB confirms the peptide has sufficient therapeutic potential to proceed to clinical trials in humans.</p> <p>NeuroScientific will now progress EmtinB through safety and toxicology studies required to permit the Company to submit an Investigational New Drug (IND) application with the FDA and prepare for Phase I human clinical trials.</p>	<p>Section 8.5</p>

Item	Summary	Further information
<p>What is 15mS.A.?</p>	<p>The 15mS.A. peptide (15mS.A.) is a stable analogue of one of several peptides identified using a phage–display screening process that possess high binding specificity for beta–amyloid; a protein that is toxic in high concentrations and is the main constituent of amyloid plaques associated with Alzheimer’s disease. In particular, 15mS.A. has demonstrated stronger affinity for the 42 amino acid species of beta amyloid, which has been demonstrated to have greater neurotoxicity than the 40 amino acid species.</p> <p>Based on the results of preclinical studies, NeuroScientific consider that 15mS.A. has several novel capabilities that have the potential to translate into diagnostic processes. Compared to existing methods, these processes may aid in diagnosing patients with Alzheimer’s disease at an earlier stage and/or provide a more thorough assessment of a patient’s risk of developing Alzheimer’s disease. 15mS.A. will be assessed for its potential for further sequence optimisation and the attachment of a radio–label that will allow the peptide to be used as an imaging agent.</p>	<p>Section 8.6</p>

5B › Business Model of the Company

<p>What are the key business objectives and growth strategies of the Company?</p>	<p>NeuroScientific’s business model and growth strategy is as follows:</p> <p>For EmtinB:</p> <ol style="list-style-type: none"> the completion of preclinical safety studies so that the Company can submit an IND and begin human clinical trials; demonstrate the clinical safety and efficacy of EmtinB as a treatment for Alzheimer’s disease; expand the treatment indication, starting with degenerative conditions of the optic nerve; preclinical validation of the other Emtin peptides to further enhance the Company’s drug portfolio and provide additional drug candidate licensing opportunities; and partnering and licensing of EmtinB, and the other Emtin peptides, to a global pharmaceutical company for final clinical validation, regulatory approval, marketing, and distribution. 	<p>Sections 8.2 and 8.3</p>
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Item	Summary	Further information
<p>What are the key business objectives and growth strategies of the Company?</p> <p>(continued)</p>	<p>For 15mS.A.:</p> <ol style="list-style-type: none"> a. to complete sequence optimisation studies and move into preclinical validation; and b. partner with a diagnostic imaging company for final development, registration, marketing, and distribution. 	<p>Sections 8.2 and 8.3</p>
<p>How does the Company propose to generate revenue?</p>	<p>Emtin Technology:</p> <p>For NeuroScientific’s lead drug candidate, EmtinB, NeuroScientific will seek to generate revenue through commercial arrangements with a global pharmaceutical company at completion of the planned clinical trials detailed in this Prospectus. Such revenue may involve the Company receiving upfront licensing fees, milestone payments and royalties on sales resulting once EmtinB is commercialised. Due to the potential for EmtinB to be developed into a treatment for a number of neurodegenerative conditions, the Company may be able to achieve multiple extensions to a licensing agreement (and additional revenue) with each subsequent extension.</p> <p>The Company also intends to further develop the other Emtin peptides, which have the potential to offer additional future licensing opportunities.</p> <p>15mS.A Diagnostic Peptide:</p> <p>For 15mS.A., a commercial partner will be sought during the preclinical phase of development to develop the peptide into a diagnostic. The commercial arrangements may also involve revenue derived from an upfront licensing fee, milestone payments and royalties on sales upon commercialisation of the 15mS.A.</p>	<p>Section 8.3</p>
<p>What are the Regulatory requirements the Company will need to satisfy to meet its business objectives?</p>	<p>The drug development process involves pre-defined steps that ultimately aim to provide evidence of the safety and effectiveness of a drug candidate before it is approved for use as a marketed treatment. These studies involve a preclinical phase, conducted in cultured cell models (in-vitro) and animals (in-vivo) and a clinical phase conducted in humans (Phase I, Phase II and Phase III clinical trials). Once a drug candidate’s safety is demonstrated in preclinical studies an application can be submitted to begin clinical studies in humans.</p> <p>The regulatory approval process is overseen by specific regulatory bodies, such as the Therapeutic Goods Administration in Australia, the Food and Drug Administration in the USA, and the European Medicines Agency in the EU.</p>	<p>Section 8.8</p>

Item	Summary	Further information
What is the composition of the market the Company operates in?	<p>Most neurodegenerative conditions currently lack effective treatment options that either stop or slow the progression of the disease. In NeuroScientific's opinion, EmtinB has the potential to be a breakthrough treatment for neurodegenerative conditions and is most advanced as a treatment for Alzheimer's disease.</p> <p>Drugs currently approved for the treatment of Alzheimer's disease do not impact progression of the condition and only provide temporary relief from symptoms. Therefore, there is a large unmet medical need for more effective treatment options.</p>	Section 7
How does the Company expect to fund its operations?	NeuroScientific expects to fund its operations and achieve its business objectives by utilising the capital raised under the Public Offer, in conjunction with existing capital.	Section 8.10

5C > Key Advantages and Key Risks

What are the key advantages of an investment in the Company?	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ol style="list-style-type: none"> provides investors with exposure to a Company with a business model focussed on perpetual revenue generation through ongoing licensing fees and royalties; the Company's lead drug candidate, EmtinB, has potential application as a treatment for Alzheimer's Disease and other neurodegenerative conditions. Currently available drugs for Alzheimer's Disease treat the symptoms but do not stop or slow the progression of the disease, therefore there is high demand for more effective treatments; EmtinB has been successfully validated in preclinical studies in multiple animal models to demonstrate its treatment potential. Preclinical in-vitro studies have repeatedly shown that EmtinB is neuroprotective and stimulates neuronal regeneration via regrowth of axons; the Company plans to develop 3 other Emtin peptides, also derived from MT-II. Early preclinical studies of these peptides indicate similar treatment potential as EmtinB and offer additional licensing opportunities for NeuroScientific; 	Section 8.2
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Item	Summary	Further information
<p>What are the key advantages of an investment in the Company?</p> <p>(continued)</p>	<ul style="list-style-type: none"> e. research and development is performed by professional laboratories with the appropriate accreditation as required by regulatory authorities such as the FDA (refer to Section 12.2 for summaries of the research and development agreements); f. capital efficiency is optimised by using contract research organisations (CRO) on a pay-per-study basis, avoiding the need to maintain underutilised facilities or personnel during periods when research and development activities are scaled down or suspended; and g. flexibility is achieved through the Company having the ability to outsource for services at any point along its value chain. 	<p>Section 8.2</p>
<p>What are the key risks of an investment in the Company?</p>	<p>The business, assets and operations of the Company, following admission to the Official List, have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows:</p> <ul style="list-style-type: none"> a. (Technology Development & Commercialisation): There are many risks inherent in the development of biotechnology products, particularly where the products are in the early stages of development, which is the case with NeuroScientific. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific, regulatory and/or commercial reasons. b. (Intellectual Property): The Company holds a licence over the Emtin peptides from UTASH. In the event of a breach of the licensing agreement, the Company's rights to develop the Emtin peptides may be lost. There is also a risk that parties might knowingly or unknowingly infringe the Company's intellectual property rights in regard to its technology. There is also a risk that the Company infringes the intellectual property rights of third parties. 	<p>Section 10</p>

Item	Summary	Further information
<p>What are the key risks of an investment in the Company?</p> <p>(continued)</p>	<ul style="list-style-type: none"> c. (Clinical Validation): A core component of the Company's strategy is the commercialisation and registration of its products. For the registration process, a phased series of successful clinical trials (Phase I, II and III Clinical trials) will be necessary for the Company to obtain regulatory approval for its products. Such trials can be expensive, time consuming, may be delayed or may fail. d. (Regulatory Environment): Compliance with the regulation of diagnostic and therapeutic products in Australia, the United States of America, Europe, and other regions of major commercial value, can be time consuming and resource intensive. e. (Manufacturing): The Company's peptides have not yet been produced on a large scale. If the Company is unable to manufacture products in sufficient quantities or at an appropriate cost level, it may not be able to meet demand for its product which may adversely impact clinical trial and commercial sales of the product. f. (Dependencies on Service Providers): The Company is dependent on contract service providers to perform many activities such as pre-clinical pharmacology, safety, and toxicology studies, and manufacturing of products. There is a risk that the arrangements with any of these service providers could be terminated suddenly, which may adversely affect the Company's clinical validation of its technologies. g. (Sufficiency of Funding): Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of the Company's activities and potential research and development programmes. In particular, the Company's current intention is to complete development of EmtinB to completion of Phase I under the IND process following which it plans to seek a large biopharmaceutical company to further progress the development of EmtinB. If the Company is able to complete Phase I, there is a risk that the Company will be unable to identify a willing counterparty to progress the development of EmtinB on commercially acceptable terms. 	<p>Section 10</p>

Item	Summary	Further information
<p>What are the key risks of an investment in the Company?</p> <p>(continued)</p>	<ul style="list-style-type: none"> h. (Competition): There is no assurance that competitors will not succeed in developing products that are more effective or economically viable than the products potentially manufactured or developed by the Company, or which would render the products obsolete or otherwise uncompetitive. i. (Product Liability): The Company may not be able to procure and/or maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could refuse coverage on claims. k. (Healthcare Insurers & Reimbursement): In both domestic and foreign markets, treatment volumes are likely to be influenced by the availability and/or amount of reimbursement of a patient's medical expenses by third party payer organisations including government agencies, private healthcare insurers and other healthcare payers. l. (Economic): General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research and development activities, as well as on its ability to fund those activities, and may also affect its contractors, partners, and in turn its ability to commercialise its technology. m. (Market Conditions): Certain market conditions beyond the control of the Company may adversely impact the Company's operational activities, future revenues, and profitability. n. (Speculative Investment): The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. 	<p>Section 10</p>

5D > Directors and Key Management Personnel

<p>Who are the Directors of the Company?</p>	<p>The Board of Directors consists of:</p> <ul style="list-style-type: none"> a. Mr Brian Leedman – Non-Executive Chairman; b. Mr Matthew Liddelow – Managing Director & CEO; c. Dr Anton Uvarov – Executive Director; and d. Mr Stephen Quantrill – Non-Executive Director. 	<p>Section 9.1</p>
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Item	Summary	Further information
Who are the key advisors of the Company?	The key advisors of the Company are: <ul style="list-style-type: none"> a. Clinical Professor Allan Kermode – Clinical Scientific Advisor; b. Professor John Wade – Scientific Advisor; and c. Mr Martin O’Sullivan – Intellectual Property Advisor. 	Section 9.3
What are the Director’s interests in the Company?	Each Director’s interests in the Company is set out at Section 9.7.	Section 9.7

5E > Financial Information

What is the key financial information for the Company?

Refer to the Investigating Accountant’s Report in Annexure B for a discussion in respect of the key financial information of the Company.

Annexure B

Investors should note that past performance may not be a guide to future performance.

Historical Financial Performance of the Company:

	31 Dec 2017	30 Jun 2017	30 Jun 2016
Revenue	\$223	\$38,185	\$116,025
Operating Loss	(\$ 324,743)	(\$261,117)	(\$103,387)

The Company’s revenue historically has been derived through R&D tax incentives and interest accrued.

Pro-forma Financial Position at 31 December 2017:

Subscription	Minimum	Maximum
Assets	\$5,390,814	\$6,330,814
Liabilities	\$54,169	\$54,169
Equity	\$5,336,645	\$6,276,645

Item	Summary	Further information
How will the Company fund its activities?	The funding for the Company's activities over the next two years will be generated from a combination of the money raised under the Public Offer and existing cash reserves.	Section 8.10
What is the financial outlook for the Company?	The reviewed pro-forma statement of financial position for the Company as at 31 December 2017 and the Investigating Accountant's Report in relation to the pro forma statement of financial position are set out in Annexure B.	Annexure B

5F > Public Offer

What is being offered?	<p>The Public Offer is for 25,000,000 Shares at an issue price of \$0.20 each to raise up to \$5,000,000. The Company may also accept oversubscriptions for a further 5,000,000 Shares to raise up to an additional \$1,000,000.</p> <p>The purpose of the Public Offer is to facilitate an application by the Company for admission of the Company to the Official List and to position the Company to seek to achieve the objectives stated at Section B above.</p> <p>The Board believes that on completion of the Public Offer, the Company will have sufficient working capital to achieve its objectives.</p> <p>The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, following admission of the Company to quotation on the Official List in the manner set out in the table in Section 8.10.</p>	Section 6.1
What will the Company's capital structure look like after completion of the Offers?	<p>The Company's capital structure upon successfully listing on the ASX is set out in Section 3.2.</p> <p>Assuming the Company raises the minimum subscription under the Offer of \$5,000,000, McRae Investments Pty Ltd takes up \$2,000,000 and no Shares other than those issued under the Public Offer are tradeable, the Company will have a free float (percentage of tradeable Shares not held by related parties or promoters of the Company) of approximately 21.87%.</p>	Section 3.2

Item	Summary	Further information
Will any of the Shares issued under the Public Offer be subject to escrow?	<p>None of the Shares issued under the Public Offer will be subject to escrow.</p> <p>The Company understands that certain Securities held by existing security holders (including certain Shares issued upon conversion of the Convertible Notes) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.</p>	Section 8.13
Will the Shares issued under the Public Offer be quoted?	<p>Application for quotation of all Shares issued under the Public Offer and Convertible Note Offer (to the extent they are not subject to ASX imposed escrow) will be made to ASX no later than 7 days after the date of this Prospectus.</p> <p>Subject to the Company being admitted to the Official List, all Shares issued under the Public Offer will be quoted for trading by ASX.</p>	Section 6.6
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 3.	Section 3
What is the minimum investment size under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 6.4
Are there any conditions to the Offers?	Other than the Minimum Subscription and the statutory condition requiring that Shares offered under the Public Offer be quoted within 3 months following the date of the Prospectus, the Offers are unconditional.	Sections 6.3 and 6.6
Does the Company currently intend on issuing any other Securities post-completion of the Offers?	Yes, the Company intends to offer two (2) Entitlement Options for every five (5) Shares held at an issue price of \$0.001 per Entitlement Option to all eligible Shareholders on a record date approximately three months after the date the Company achieves Listing. The proposed Entitlement Options will be exercisable at \$0.20 each on or before 7 March 2021.	Section 3.2

Item	Summary	Further information
<p>Who is the Lead Manager?</p>	<p>Westar Capital has been engaged to act as lead manager to the Public Offer on the terms and conditions of the Mandate summarised in Section 12.3.</p> <p>Westar Capital Limited, established in 1989, is the holder of Australian Financial Services Licence 255789. Westar provides advice to high net worth and institutional investors as well as listed and unlisted corporations. The firm's investment decisions are driven by research and supported by knowledge networks that include industry executives, key opinion leaders, fund managers and academic institutions. Westar's directors have in excess of 75 years' experience in capital markets between them and have acted as lead manager's to numerous equity raisings over this time.</p> <p>For the services the Company will pay the Lead Manager a fee of 2.0% of the total amount raised under the Public Offer and will also pay a 4.0% broker fee to other brokers who participate in the Public Offer. Any shares subscribed for under the Public Offer by McRae Investments Pty Ltd will be excluded from the 4.0% broker fee. McRae Investments Pty Ltd has indicated to the Company that its current intention is to apply for Shares under the Public Offer to the value of \$2,000,000.</p> <p>The Company is also required to pay an ongoing Corporate Advisory fee to the Lead Manager of \$5,000 per month for a period of 12 months, from the date of which the Company entered into the Mandate.</p> <p>The Company has agreed to reimburse the Lead Manager for reasonable out of pocket expenses directly related to its engagement.</p> <p>Westar Capital and its associates hold 82,000 Convertible Notes and 8,525,000 Existing Options prior to lodgement of this Prospectus.</p>	<p>Sections 6.10 and 12.3</p>

Item	Summary	Further information																																																
5G > Use of Proceeds																																																		
How will the proceeds of the Public Offer be used?	<p>The Public Offer seeks to raise a minimum amount of \$5,000,000 and a maximum amount of \$6,000,000 (before costs). The table below sets out the proposed use of funds raised from the Public Offer:</p> <table border="1"> <thead> <tr> <th data-bbox="472 728 606 757">Use of Funds</th> <th data-bbox="699 728 896 786">Amount (Minimum Subscription)</th> <th data-bbox="922 728 1129 786">Amount (Maximum Subscription)</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 808 566 837">Liabilities</td> <td data-bbox="699 808 772 837">\$54,169</td> <td data-bbox="922 808 995 837">\$54,169</td> </tr> <tr> <td data-bbox="472 864 534 893">Equity</td> <td data-bbox="699 864 807 893">\$5,336,645</td> <td data-bbox="922 864 1031 893">\$6,276,645</td> </tr> <tr> <td data-bbox="472 920 603 949">Existing cash</td> <td data-bbox="699 920 798 949">\$300,000</td> <td data-bbox="922 920 1021 949">\$300,000</td> </tr> <tr> <td data-bbox="472 976 592 1005">Public Offer</td> <td data-bbox="699 976 815 1005">\$5,000,000</td> <td data-bbox="922 976 1038 1005">\$6,000,000</td> </tr> <tr> <td colspan="3" data-bbox="472 1016 1145 1070">Lead drug candidate</td> </tr> <tr> <td data-bbox="472 1088 663 1146">Preclinical safety & toxicology studies</td> <td data-bbox="699 1088 807 1120">\$1,600,000</td> <td data-bbox="922 1088 1031 1120">\$1,600,000</td> </tr> <tr> <td data-bbox="472 1173 647 1232">Manufacturing & quality control</td> <td data-bbox="699 1173 798 1205">\$300,000</td> <td data-bbox="922 1173 1021 1205">\$400,000</td> </tr> <tr> <td data-bbox="472 1258 651 1352">Indication expansion studies (optic nerve)</td> <td data-bbox="699 1258 798 1290">\$200,000</td> <td data-bbox="922 1258 1021 1290">\$300,000</td> </tr> <tr> <td data-bbox="472 1379 628 1408">Clinical studies</td> <td data-bbox="699 1379 815 1408">\$2,000,000</td> <td data-bbox="922 1379 1038 1408">\$2,200,000</td> </tr> <tr> <td colspan="3" data-bbox="472 1420 1145 1473">Other peptide candidates</td> </tr> <tr> <td data-bbox="472 1491 657 1581">Preclinical validation of other Emtin peptides</td> <td data-bbox="699 1491 791 1523">\$100,000</td> <td data-bbox="922 1491 1015 1523">\$350,000</td> </tr> <tr> <td data-bbox="472 1608 660 1666">15mS.A.: sequence optimisation</td> <td data-bbox="699 1608 782 1639">\$50,000</td> <td data-bbox="922 1608 1005 1639">\$100,000</td> </tr> <tr> <td data-bbox="472 1693 632 1751">Expenses of the Offers</td> <td data-bbox="699 1693 798 1724">\$500,400</td> <td data-bbox="922 1693 1021 1724">\$560,400</td> </tr> <tr> <td data-bbox="472 1778 635 1807">Working Capital</td> <td data-bbox="699 1778 798 1807">\$549,600</td> <td data-bbox="922 1778 1021 1807">\$789,600</td> </tr> <tr> <td data-bbox="472 1834 544 1863">TOTAL</td> <td data-bbox="699 1834 815 1863">\$5,300,000</td> <td data-bbox="922 1834 1038 1863">\$6,300,000</td> </tr> </tbody> </table>	Use of Funds	Amount (Minimum Subscription)	Amount (Maximum Subscription)	Liabilities	\$54,169	\$54,169	Equity	\$5,336,645	\$6,276,645	Existing cash	\$300,000	\$300,000	Public Offer	\$5,000,000	\$6,000,000	Lead drug candidate			Preclinical safety & toxicology studies	\$1,600,000	\$1,600,000	Manufacturing & quality control	\$300,000	\$400,000	Indication expansion studies (optic nerve)	\$200,000	\$300,000	Clinical studies	\$2,000,000	\$2,200,000	Other peptide candidates			Preclinical validation of other Emtin peptides	\$100,000	\$350,000	15mS.A.: sequence optimisation	\$50,000	\$100,000	Expenses of the Offers	\$500,400	\$560,400	Working Capital	\$549,600	\$789,600	TOTAL	\$5,300,000	\$6,300,000	Section 8.10
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Item	Summary	Further information
<p>Is there any brokerage, commission or stamp duty payable by applicants?</p>	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Securities under the Public Offer.</p>	<p>Section 6.10</p>
<p>What are the tax implications of investing in Securities?</p>	<p>Shareholders may be subject to Australian tax on any future dividends and possibly capital gains tax on a future disposal of Securities issued under this Prospectus.</p> <p>The tax consequences of any investment in Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	<p>Section 8.14</p>
<p>What are the corporate governance principles and policies of the Company?</p>	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 11 of this Prospectus.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.neuroscientific.com).</p> <p>Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	<p>Section 11</p>
<p>Where can I find more information?</p>	<ul style="list-style-type: none"> a. by speaking to the Lead Manager, Westar Capital Limited on +61 8 6268 2688. b. by speaking to your sharebroker, solicitor, accountant or other independent professional adviser. c. by contacting the Company Secretary on +61 8 6382 1800. d. by contacting the Share Registry on +61 1300 288 664 	

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06

DETAILS OF
THE OFFER



NeuroScientific
BIOPHARMACEUTICALS

6.1 › The Public Offer

Pursuant to this Prospectus, the Company invites applications for 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000.

The Company may also accept oversubscriptions for a further 5,000,000 Shares, to raise up to an additional \$1,000,000. The maximum amount which may be raised under this Prospectus is therefore \$6,000,000.

The Shares offered under the Public Offer will rank equally with the existing Shares on issue.

6.2 › Convertible Note Offer

This Prospectus includes the offer of 11,000,000 Shares to be issued to holders of Convertible Notes (or their nominees). The material terms and conditions attaching to the Convertible Notes are summarised at Section 13.4 of this Prospectus.

The Shares offered under the Convertible Note Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to Shares is set out in Section 13.2.

Application for quotation of the Shares issued under the Convertible Note Offer will be made to ASX no later than 7 days after the date of this Prospectus.

Only the holders of Convertible Notes may accept the Convertible Note Offer. A personalised Application Form in relation to the Convertible Note Offer will be issued to those parties together with a copy of this Prospectus.

A majority of the Shares issued under the Convertible Note Offer are expected to be restricted from trading for a period of between 12 months from the date that funds were advanced to the Company in consideration for the Convertible Notes and 24 months from the date the Company's Shares are re-admitted to trading on the Official List in accordance with the ASX Listing Rules.

6.3 › Minimum subscription

If the minimum subscription to the Public Offer of \$5,000,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

6.4 › Applications

Applications for Shares under the Public Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to "NeuroScientific Biopharmaceuticals IPO" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offers early.

6.5 > Online Applications and Payment by BPAY®

Alternatively, a person who wishes to apply for Shares under the Public Offer may apply for Shares online using the URL link <https://automic.com.au/neuroscientificbiopharmaceuticals.html>. An applicant must comply with the instructions on the website. An applicant paying the application monies by BPAY® must use the unique BPAY® customer reference number provided.

If you require assistance in completing any of the applications, please contact the Share Registry on 1300 288 664.

An original completed and lodged Application Form (or a paper copy of the Application Form from the Electronic Prospectus), together with a cheque for the application monies (if applicable), in the case of a paper applications, or BPAY® payment in the case of any application completed by BPAY® payment of application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form or the number of Shares represented by the BPAY® payment. The Application Form does not have to be signed to be a valid application. An application will be deemed to have been accepted by the Company upon issue of the Shares.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late applications.

6.6 > ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The Company will not apply for quotation of the Existing Options or Performance Shares currently on issue, however, an application for Official Quotation will be made with respect to the underlying Shares issued upon conversion of the Performance Shares and exercise of the Existing Options (subject to any ASX imposed escrow applicable to those Shares).

6.7 > Issue

Subject to the minimum subscription to the Public Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

6.8 › Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

6.9 › Not underwritten

The Public Offer is not underwritten.

6.10 › Lead Manager

Westar Capital has been appointed as lead manager to the Public Offer. The terms of the Mandate with Westar Capital are summarised in Section 12.3.

Westar Capital Limited, established in 1989, is the holder of Australian Financial Services Licence 255789. Westar provides advice to high net worth and institutional investors as well as listed and unlisted corporations. The firm's investment decisions are driven by research and supported by knowledge networks that include industry executives, key opinion leaders, fund managers and academic institutions. Westar's directors have in excess of 75 years' experience in capital markets between them and have acted as lead manager's to numerous equity raisings over this time.

For the services the Company will pay the Lead Manager a fee of 2.0% of the total amount raised under the Public Offer and will also pay a 4.0% broker fee to other brokers who participate in the Public Offer. Any Shares subscribed for under the Public Offer by McRae Investments Pty Ltd will be excluded from the 4.0% broker fee. McRae Investments Pty Ltd has indicated to the Company that its current intention is to apply for Shares under the Public Offer to a value of \$2,000,000.

The Company is also required to pay an ongoing Corporate Advisory fee to the Lead Manager of \$5,000 per month for a period of 12 months, from the date of which the Company entered the mandate agreement.

Westar Capital and its associates hold 82,000 Convertible Notes and 8,525,000 Existing Options prior to lodgement of this Prospectus. The Company has agreed to reimburse the Lead Manager for reasonable out of pocket expenses directly related to its engagement.

07

MARKET OVERVIEW



NeuroScientific
BIOPHARMACEUTICALS

7.1 › Background

Neurodegenerative conditions involve the abnormal and progressive death of nerve cells (neurons) within the central nervous system (CNS). Since there is very little capacity for neurons of the CNS to naturally regenerate, the death of these cells is permanent and results in the worsening of clinical symptoms over time.

Alzheimer's disease, Parkinson's disease, Huntington's disease and amyotrophic lateral sclerosis (ALS) are some of the more well-known neurodegenerative conditions, but also included in this category are demyelinating diseases (multiple sclerosis, optic neuritis), neuropathies (diabetic neuropathy, HIV-related) and tauopathies (Pick's disease, frontal temporal dementia).

NeuroScientific is targeting neurodegenerative conditions with high unmet medical need due to the large number of people affected and the lack of effective treatment options currently available.

7.2 › Dementia & Alzheimer's Disease

Dementia is estimated to affect 47 million people worldwide, with Alzheimer's disease accounting for 60–70% of cases. As the current global population ages, the worldwide incidence of dementia is predicted to increase to more than 131 million people by 2050¹.

Alzheimer's disease is characterised by the progressive worsening of cognitive symptoms over a number of years. These symptoms include short-term memory loss, impairment of visual-spatial skills, language difficulties and loss of problem solving abilities. Diagnosis involves a comprehensive medical evaluation and cognitive testing by specialist physicians, neurologists, and geriatricians².

The progressive worsening of the disease is due to the gradual and permanent loss of neurons (neurodegeneration) within specific regions of the brain. Amyloid plaques in the extracellular space and intracellular neurofibrillary tangles are biochemical hallmarks of Alzheimer's disease and are thought to play a central role in the neurodegeneration associated with the disease. Amyloid plaques are predominantly composed of a neurotoxic species of the beta-amyloid protein and are thought to interfere with neuron-to-neuron signal processing. Neurofibrillary tangles result from the abnormal aggregation of tau proteins, disrupting the internal transport of nutrients throughout neurons³.

In the advanced stages of Alzheimer's disease, patients need assistance with basic activities of daily living and require around-the-clock care. Alzheimer's disease is ultimately fatal⁴.

7.3 › Alzheimer's disease Therapeutic Market

The current drugs approved for Alzheimer's disease are limited in that they treat the symptoms of Alzheimer's Disease but do not slow or halt progression of the disease. These drugs (Table 1) only offer temporary relief from symptoms. Even with these limitations, it is estimated that the therapeutic drug market for Alzheimer's disease in USA, Europe, Japan China and India in 2013 generated US\$5 billion in sales⁵.

¹ Alzheimer's Disease International: World Alzheimer report 2015, London.

² Alzheimer's Disease International: World Alzheimer report 2016, London.

³ Alzheimer's Association. 2017 Alzheimer's disease facts & figures. *Alzheimer's Dement* 2017;13:325–373.

⁴ Alzheimer's Association. 2017 Alzheimer's disease facts & figures. *Alzheimer's Dement* 2017;13:325–373.

⁵ GBI Research 2016, Alzheimer's disease therapeutics in major developed markets to 2021.

Table 1 › **Approved medications for Alzheimer’s disease**

Name of Drug	Type	Indication for Use in Alzheimer’s disease	FDA Approval
Donepezil (Aricept®)	Cholinesterase inhibitor	Mild, moderate and severe	1996
Rivastigmine (Exelon®)	Cholinesterase inhibitor	Mild to moderate	2000
Galantamine (Razadyne®)	Cholinesterase inhibitor	Mild to moderate	2001
Memantine (Namenda®)	NMDA receptor agonist	Moderate to severe	2003
Donepezil / Memantine (Namzaric®)	Combination cholinesterase inhibitor & NMDA receptor agonist	Moderate to severe	2014

The approved drugs in Table 1 temporarily improve symptoms by increasing the amount of chemical signalling compounds, called neurotransmitters, acting to enhance neuron-to-neuron communication. These drugs become less effective as the damage to neurons increases. Consequently, there remains a large unmet medical need for improved pharmaceutical drugs that halt or slow the progression of Alzheimer’s disease.

Candidate drugs in development (**Table 2**) can be broadly classified as:

- a. **Beta-amyloid targeting compounds**, which act to limit the production of beta-amyloid or clear it from the brain, preventing the formation of plaques. A number of beta-secretase (**BACE**) inhibitors are under development, which act on the enzyme beta-secretase to limit the production of beta-amyloid fragments. Monoclonal antibodies are designed to direct the patient’s own immune system to clear beta-amyloid from the brain⁶.
- b. **Tau targeting compounds**, which act to prevent the formation and/or aggregation of abnormal tau proteins (neurofibrillary tangles). Monoclonal antibodies designed to target and clear tau are being developed⁷.
- c. **Neuroprotective compounds**, which aim to prevent the loss of neurons by other means than targeting beta-amyloid or tau proteins⁸.
- d. **Symptomatic therapies**, which act to provide relief from symptoms. Most compounds in this category prolong the release of neurotransmitter⁹.

⁶ Cummings et al. 2017 Alzheimer’s disease drug development pipeline: 2017. *Alzheimer’s & Dementia: Translational Research & Clinical Interventions* 3

⁷ Cummings et al. 2017

⁸ Cummings et al. 2017

⁹ Cummings et al. 2017

Table 2 › Summary of compounds in clinical development

Phase 1	Phase 2	Phase 3
Anti-amyloid		
<p>BACE inhibitors 5 compounds, including: AZD3293 (AstraZeneca, Eli Lilly) CNP520 (Alzheimer's Association)</p> <p>Monoclonal antibodies 4 compounds, including: Solanezumab* (Washington University, Eli Lilly, Roche)</p> <p>Other 5 compounds, including: CAD106 (Novartis, Amgen)</p>	<p>BACE inhibitors 3 compounds, including: JNJ-54861911 (Jansen) LY3202626 (Eisai)</p> <p>Monoclonal antibodies 3 compounds, including: BAN2401 (Eisai) UB-311 (United Neuroscience)</p> <p>Other 4 compounds, including: CT1812 (Cognition Therapeutics)</p>	<p>BACE inhibitors 2 compounds, including: E2609 (Eisai, Biogen) MK-8931 (Merck)</p> <p>Monoclonal antibodies 4 compounds, including: Aducanumab (Biogen) Crenezumab* (Genentech) LY3002813 (Eli Lilly)</p>
Anti-tau		
<p>Other 1 compound: TRx0237 (TauRx Therapeutics)</p>	<p>Monoclonal antibodies 3 compounds, including: ABBV-8E12 (AbbVie)</p> <p>Other 2 compounds, including: Nilotinib (Georgetown University)</p>	<p>Monoclonal antibodies 3 compounds, including: AADvac1 (Axon Neuroscience) RO7105705 (Genentech)</p>
Other		
<p>Symptomatic therapies 12 compounds, including: AVP-786 (Avanir) OPC-34712 (Otsuka, Lundbeck) LuAE58054 (Lundbeck)</p>	<p>Neuroprotective / regenerative 19 compounds: Bryostat1 (Neurotrope Bioscience) Xanamem (Actinogen Medical)</p> <p>Symptomatic therapies 12 compounds, including: RVT-101 (Axovant Sciences) S47445 (Servier)</p>	<p>Neuroprotective / regenerative 4 compounds: BPN14770 (Tetra Discovery Partners) Telmisartan (Emory University)</p> <p>Symptomatic therapies 4 compounds, including: BI409306 (Boehringer Ingelheim) TAK-071 (Takeda)</p>

* Previously did not achieve the primary outcome of Phase III clinical trials.

EmtinB has successfully completed pre-clinical studies in Alzheimer’s disease, which resulted in EmtinB treatment significantly improving the survival of neurons in vitro (**Figure 6, Section 8.5.2(b)**) and significantly slowing cognitive decline in animal efficacy studies (**Figure 7, Section 8.5.2(c)**). The Company believes that EmtinB offers a number of key advantages as a treatment for Alzheimer’s disease in comparison to existing drugs in development and those currently approved for market (**Table 3**).

Table 3 › **Opportunity for EmtinB as a treatment for Alzheimer’s disease**

Opportunity	Challenge	EmtinB Solution
Approved drugs only treat the symptoms	Cognitive symptoms become progressively worse over-time as more and more neurons are damaged or die, limiting the benefit of currently approved drugs.	EmtinB has the potential to slow or stop the progression of Alzheimer’s disease, not just treat the symptoms. EmtinB stimulated the survival of neurons from beta-amyloid induced toxicity in pre-clinical in vitro studies and slowed cognitive decline in in vivo animal studies.
No direct correlation with reductions in beta-amyloid / tau and improved cognitive abilities	The actual cause of Alzheimer’s disease is unknown. Both amyloid-plaques and tau fibrils are implicated in the disease process, but drugs that target either have not been successful in slowing cognitive decline in clinical trials.	EmtinB has a novel mechanism of action for Alzheimer’s disease and is not targeting either beta-amyloid or tau. EmtinB is highly specific for the LRP-1 receptor, which is expressed on the external surface of neurons.
The degenerative loss of neurons is permanent	Neurons of the central nervous system have limited capacity to regenerate; drugs in development may slow or stop the disease but almost none have regenerative potential.	EmtinB has stimulated the regeneration of neurons in numerous in vitro studies, evident by the generation of neurite outgrowths on neuronal cells. This may translate to EmtinB regenerating neuronal signalling functions in Alzheimer’s patients.

¹⁰ Bennett, D.A. et al. 2009 *Neuropathology of older persons without cognitive impairment from two community-based studies. Neurology. 66(12) pp. 1837-44.*

¹¹ *Alzheimer’s Association. 2017.*

7.4 › Alzheimer's disease Diagnostic Market

Diagnosis of neurodegenerative dementia and Alzheimer's disease usually involves a battery of psychological assessments and tests. Brain imaging techniques, such as magnetic resonance imaging (**MRI**) and computed tomography (**CT**) are used to rule out other conditions that experience similar symptoms.

Several radio-labelled probes have been developed that can image amyloid plaques in the brains of living patients using positron emission tomography (PET), although none of these probes have achieved regulatory approval as stand-alone diagnostic agents for Alzheimer's disease (**Table 4**). This is because quantification of plaques alone does not correlate with the onset of the disease. Furthermore, recent studies looking at the post-autopsy brains of people considered cognitively normal for their age before death found that approximately 30% had significant Alzheimer's-related brain changes (i.e., plaques and tangles)¹⁰. Other research outcomes suggest that the formation of plaques and tangles starts approximately 20 years before the onset of any cognitive symptoms¹¹.

Table 4 › Diagnostic agents for Alzheimer's disease

Compound	Company	Indication	Limitations
AmyVid™ (florbetapir F18)	Eli Lilly	PET imaging of the brain to estimate beta-amyloid plaque density in patients with cognitive decline who are being evaluated for Alzheimer's disease.	Positive scan alone does not establish diagnosis of Alzheimer's disease. Not approved to predict development of Alzheimer's disease or to monitor response to therapies.
Neuraceq™ (florbetapir F18)	Piramal Pharma	PET imaging of the brain to estimate beta-amyloid plaque density in patients with cognitive decline who are being evaluated for Alzheimer's disease.	Positive scan alone does not establish diagnosis of Alzheimer's disease. Not approved to predict development of Alzheimer's disease or to monitor response to therapies.
Vizamyl™ (flutemetamol F18)	GE Healthcare	PET imaging of the brain to estimate beta-amyloid plaque density in patients with cognitive decline who are being evaluated for Alzheimer's disease.	Positive scan alone does not establish diagnosis of Alzheimer's disease. Not approved to predict development of Alzheimer's disease or to monitor response to therapies.

Compound	Company	Indication	Limitations
Diagnostics in Development			
MK-6240	Cerveau Technologies	PET imaging agent to detect levels of tau in the brain.	Not yet approved for use.
NAV4694 (F18)	Navidea Biopharmaceuticals / Cerveau Technologies	PET imaging of the brain to estimate beta-amyloid plaque density in patients with cognitive decline who are being evaluated for Alzheimer's disease.	Not yet approved for use.
11C-Pittsburgh Compound-B (11C-PiB)	GE Healthcare	The first compound to be developed for PET imaging of the brain to detect beta-amyloid plaque density.	Not approved for clinical use. Short half-life (20 minutes) has limited its use outside of research settings.

15mS.A. offers the potential to enhance the diagnosis of patients with Alzheimer's disease in comparison to currently available imaging tools and may offer a more thorough evaluation of a person's risk profile by establishing a base-line measure of brain-amyloid in patients who are predisposed to dementia or Alzheimer's disease (**Table 5**).

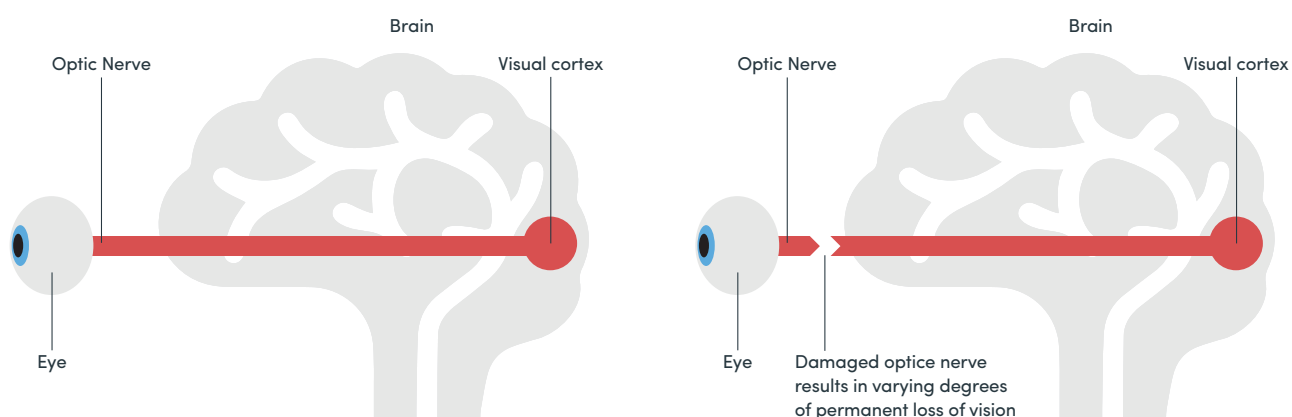
Table 5 › **Opportunity for 15mS.A. as a diagnostic agent for early-stage Alzheimer's disease**

Opportunity	Challenge	15mS.A.
Approved imaging diagnostics only detect amyloid plaques	Current imaging agents cannot diagnose early-stage Alzheimer's disease because they are specific to amyloid-plaques only.	15mS.A. can bind pre-plaque forms of beta-amyloid, as well as the plaques themselves, which may allow for a more detailed assessment of the presence of beta-amyloid in a patient's brain.
Current diagnosis process can take several months	Numerous tests and physical examinations are required to make a diagnosis of Alzheimer's disease, often involving a general practitioner, geriatrician, and neurologist.	15mS.A. may simplify the diagnostic process by ruling out other forms of dementia based on a more thorough assessment of amyloid in the brain.

7.5 › Degenerative Conditions of the Optic Nerve

The optic nerve is composed of over 1.5 million nerve cells, which transmit visual information from the eye to the brain. The main cell type of the optic nerve is retinal ganglion cells, whose axons extend from the retina of the eye to the visual cortex of the brain (**Figure 1**). Damage to the optic nerve usually results in some degree of permanent loss of vision with very little potential for the nerve cells to regenerate.

Figure 1 › Diagram of a normal and damaged optic nerve



The most common causes of damage to the optic nerve include:

- a. **Glaucoma**, is a leading cause of blindness globally and a group of conditions that peripherally affect the optic nerve. Glaucoma is often associated with a build-up of pressure within the eye, although this association has proven to be inconsistent and other causes are being investigated.

More than 60 million people worldwide were estimated to be affected by glaucoma in 2013, with approximately 3 million people in the US affected¹².

- b. **Optic neuritis** involves inflammation of the optic nerve and is most often associated with multiple sclerosis (up to 50% of cases).
- c. **Ischemic optic neuropathy** is a condition that results from a sudden loss of blood and nutrient supply to the optic nerve, causing the death of nerve cells within the affected area.

EmtinB treatment of the conditions listed above may prevent further degeneration of the optic nerve and induce regeneration of axons of retinal ganglion nerve cells. This may lead to restoring axonal signalling processes of the optic nerve and therefore improvements in vision for patients.

¹² Tham, Y. et al. 2014 Global prevalence of glaucoma and projections of glaucoma burden through 2040. *American Academy of Ophthalmology*. 12 (11) pp. 2081-90.

08

COMPANY
OVERVIEW



NeuroScientific
BIOPHARMACEUTICALS

8.1 › Company Overview

NeuroScientific is a public unlisted company focussing on developing pharmaceutical products that target neurodegenerative conditions.

Neurodegenerative conditions, such as Alzheimer’s disease, pose significant health challenges on a global scale. Many neurodegenerative conditions are without effective treatment options, are progressively debilitating for patients, and are an enormous burden on societies worldwide.

NeuroScientific is developing novel peptide-based drugs that have the potential to either treat or diagnose neurodegenerative conditions. Peptides are small proteins, typically composed of sequences of less than 50 amino acids, that offer several advantages in comparison to other compounds in regard to drug development (**Table 6**).

Table 6 › Comparison of peptides with other compounds commonly used in the pharmaceutical industry^{13, 14}

Technical Term	Small Molecules	Peptides	Biologics (large proteins)
Size	Small ~0.5kD	Small <2kD	Large >10kD
Specificity	Variable	Highly specific	Highly specific
Off-target toxicity	High potential	Low potential	Low potential
Safety Profile	Highly variable	Generally safe & well tolerated	Generally safe & well tolerated
Manufacturing	Easily synthesised, cost-effective	Easily synthesised, cost-effective	Complex & expensive
Delivery	All routes	Usually injected	Usually injected

NeuroScientific’s lead peptide candidate, EmtinB, is most advanced as a treatment for Alzheimer’s disease, although EmtinB has a number of indication expansion opportunities beyond this initial focus area. Results from studies for EmtinB undertaken on behalf of the Company have been very promising (refer to Section 8.5.2 for details of the results from these trials) with the peptide in the advanced stages of preclinical development.

The Company’s product pipeline also involves development of the 15mS.A. peptide, which is being developed as a diagnostic for early-stage Alzheimer’s disease, and three other peptides related to EmtinB (EmtinAc, EmtinAn and EmtinBc) which are in early-stage preclinical development (**Figure 2**).

¹³ Fosgerau et al. 2015 (p2) & Uhlig, T. et al. 2014. *The emergence of peptides in the pharmaceutical business; from exploration to exploitation.* *EuPA Open Proteomics* 4. pp 58-69

¹⁴ Otvos, L. Jr. 2014. *Peptide-based drug research and development: relative costs, comparative value.* *Pharm. Outsource*. 15, 16-20

Figure 2 › NeuroScientific's product pipeline

Program	Preclinical Phase			Clinical Phase	
	Lead optimisation	Animal efficacy studies	Safety & toxicology studies	Phase 1a	Phase 1b
Therapeutic peptides					
Dementia / Alzheimer's disease	Completed	Completed	Completed Q4 2018	Scheduled for Q1 2019	Scheduled for Q3 2019
	EmtinB				
Diseases associated with optic nerve degeneration		Planned for Q3 2018	Safety data from above studies	Scheduled for Q1 2019	Scheduled for Q3 2019
	EmtinB				
Other Emtin peptides		Planned for Q3 2018			
Diagnostic peptide					
Alzheimer's disease	15mS.A.	Seek to license out for further development			

NeuroScientific's peptides have strong intellectual property protection in key global markets. The Company owns the intellectual property for the 15mS.A. peptide, and has exclusively licensed the Emtin peptides, including EmtinB from UTASH (refer to Section 12.1 for a summary of the licence agreement).

The process of drug development is a long term, high risk, and costly process. Estimates of the cost of developing a drug through to a marketed product range are up to US\$2.6 billion over up to a 15-year timeframe¹⁵. For these reasons, it is imperative that NeuroScientific operates as efficiently as possible and tightly manages expenditure and risk. To facilitate this, the Company has adopted a "virtual business model" in which most of the Company's operational activities are outsourced to specialised contract organisations to minimise overhead expenses. The advantages of this business model include:

- research and development is performed by professional laboratories with the appropriate accreditation as required by regulatory authorities such as the FDA;
- fulltime employees are limited to a small number of key management positions;
- capital efficiency is optimised by using contract research organisations (**CRO**) on a pay-per-study basis; avoiding the need to maintain underutilised facilities or personnel during periods when R&D activities are scaled down or suspended; and
- flexibility is achieved through the Company having the ability to outsource for services at any point along its value chain.

8.2 > Key Investment Highlights

The Directors are of the view that an investment in the Company provides the following non-exclusive list of advantages:

- a. **A Novel lead candidate with several indication expansion opportunities.** NeuroScientific's lead candidate EmtinB is modelled on the active component of a naturally occurring protein and has the potential to be a first-in-class treatment for Alzheimer's disease and other neurodegenerative conditions with high unmet medical needs, including degenerative conditions of the optic nerve.

Alzheimer's disease involves the progressive loss of brain cells (neurons) and currently available drugs do not stop or slow the disease. The limited benefit of these drugs to patients means there is a desperate need for more effective treatment options.

Due to its novel mechanism of action, the Company considers that EmtinB has the potential to treat a number of neurodegenerative conditions in addition to its lead indication in Alzheimer's disease, such as Parkinson's disease and Huntington's disease.

- b. **Significant preclinical validation of lead candidate.** EmtinB has demonstrated neuroprotective and neuroregenerative effects in preclinical studies in multiple animal models.

Preclinical studies have also confirmed that EmtinB is readily absorbed and crosses the blood brain barrier in animals when administered via subcutaneous injection. The blood brain barrier regulates the passage of compounds circulating in blood into the brain and is a major hurdle for potential drugs that treat conditions of the brain.

- c. **A Pipeline of peptides.** The Company is developing a stable of peptides with therapeutic and diagnostic potential. Early-stage preclinical studies have identified three additional peptides from the same parent protein as EmtinB. These studies have shown that EmtinAc, EmtinAn and EmtinBc exhibit similar therapeutic potential as EmtinB. Results from early-stage preclinical studies of the 15mS.A. peptide demonstrate its potential as a diagnostic for Alzheimer's disease.

A pipeline of potential candidates provides multiple opportunities for success and reduces the risks associated with developing a single product.

- d. **Strong intellectual property portfolio.** NeuroScientific has a portfolio of granted patents and applications that protect its peptides in key countries.

8.3 > Business model and commercialisation strategy

The Company aims to be a biopharmaceutical company engaged in the development of peptide-based pharmaceutical products that target neurodegenerative conditions with high unmet medical needs. To achieve this goal, the Company is committed to the following commercialisation strategy:

- a. **Completion of preclinical safety and toxicology studies required for the Company to submit a New Investigational Drug (IND) application and begin human clinical trials in relation to EmtinB.** EmtinB needs to complete safety and toxicity studies to the regulatory standards required by the FDA and EMA before it can be tested in humans (Good Laboratory Practice Standards). Such studies form part of a IND application, which must be reviewed by the FDA prior to testing on human subjects via clinical trials.

¹⁵ Tufts Centre for the Study of Drug Development 2016, *Innovation in the pharmaceutical industry*, Boston USA.

- b. **Demonstrate the clinical safety and efficacy of EmtinB as a treatment for Alzheimer’s disease.** Initial clinical studies will involve Phase I clinical safety trials in healthy patients, with Phase II clinical studies measuring both safety and efficacy in patients with disease. It is anticipated that the Phase I safety data will support other subsequent IND submissions for additional treatment indications that the Company may pursue in the future. Under such circumstances the Company’s EmtinB technology may be a very cost effective and lucrative drug development platform.
- c. **Expand treatment indications for EmtinB.** Assess EmtinB in other neurodegenerative conditions by completing preclinical efficacy studies in animal models, initially focusing on degenerative conditions of the optic nerve. In addition to the Company’s lead indication in Alzheimer’s disease, expansion of EmtinB treatment into other therapeutic areas may enhance licensing opportunities for the peptide with pharmaceutical companies.
- d. **License EmtinB to a global pharmaceutical company.** The Company plans to develop EmtinB through to Phase II clinical trials, before licensing the peptide to a global pharmaceutical company for further clinical validation, regulatory approval, marketing and distribution. Any future licensing agreement may involve NeuroScientific receiving upfront and/or milestone payments, as well as royalties on sales. The Company has not commenced discussions with any pharmaceutical companies and cannot guarantee success in identifying and successfully negotiating such an agreement on favourable terms.
- e. **Preclinical validation of other Emtin peptides.** The Emtin technology involves several other potential therapeutic peptides (EmtinAc, EmtinAn, and EmtinBc) that were identified during the same studies that resulted in the development of EmtinB as the Company’s lead candidate. The Company will develop these other peptides to mitigate the risk of single product failure around EmtinB.
- f. **Demonstrate the preclinical potential for 15mS.A.** as a diagnostic agent for early-stage Alzheimer’s disease. While 15mS.A has potential commercial value, further sequence optimisation of the peptide may be necessary to enhance its pharmacological properties as a diagnostic agent. A program of work has been tightly scoped to better determine the potential of the 15mS.A.
- g. **License 15mS.A. to a global diagnostic company.** The Company plans to partner with an established diagnostic company for further development in return for royalties on sales.

8.4 > Significant dependencies for growth

NeuroScientific’s future growth profile will largely be dictated by:

- a. in relation to EmtinB, the results and timeliness of the preclinical studies, Phase I, II and III clinical trial, and the preclinical validation of the other potential therapeutic peptides;
 - b. the results of the further sequence optimisation of 15mS.A. that is necessary to enhance its pharmacological properties as a diagnostic agent;
 - c. its ability to partner with an appropriate pharmaceutical company for further clinical validation, regulatory approval, marketing and distribution of EmtinB; and
 - d. its ability to negotiate favorable commercial terms pursuant to a revenue-generating arrangement with a global pharmaceutical company in relation to either or both of EmtinB and 15mS.A.
-

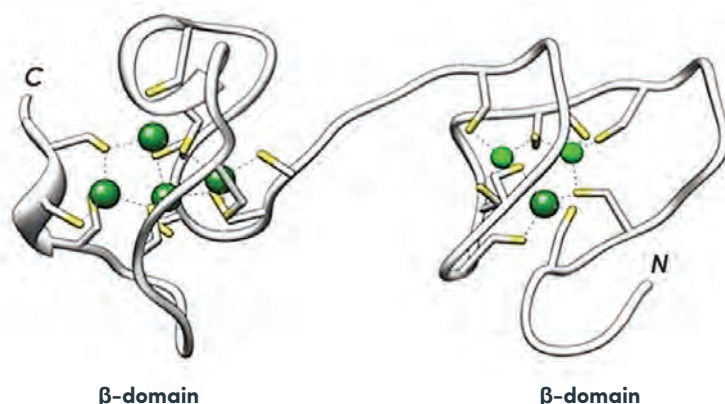
8.5 > Emtin Peptide Technology

The Emtin peptide technology was originally developed by scientists based at the University of Copenhagen's Institute of Neuroscience and Pharmacology. The University of Tasmania (**UTAS**), who were active in the same field of research, subsequently acquired the intellectual property from the University of Copenhagen. The Company has exclusively licensed the Emtin technology and intellectual property from UTASH (refer to Sections 8.9 and 12.1).

Emtin peptides are modelled on the domains of a naturally occurring protein, called Metallothionein-II (**MTII**). Although four variants of Metallothionein have been identified (MTI, MTII, MTIII and MTIV), extensive studies have shown that MTII is a neuroprotective protein that is expressed by cells within the central nervous system (**CNS**) called astrocytes, in response to brain injury. Functionally, studies suggest that MTII associates with members of the low-density lipoprotein receptor family (**LDLR**) of neurons to turn on cell survival and neuroregenerative pathways¹⁶. MTII has demonstrated strong potential as a treatment for numerous neurodegenerative conditions in models for focal brain injury, cerebral ischemia, Parkinson's disease, autoimmune encephalomyelitis, and temporal lobe epilepsy. However, MTII does not readily cross the blood brain barrier (**BBB**), a highly selective biological barrier that protects the brain from foreign compounds, and problems with manufacturing a consistent product, limit its potential to be developed into an effective therapeutic drug¹⁷.

The Emtin peptides are synthetic peptides, of 14 amino acids in size, that are based on specific amino acid sequences identified within the MTII protein structure (**Figure 3**). Of these peptides, EmtinB is the lead candidate shown to closely mimic the neuroprotective and neuroregenerative ability of MTII in both in-vitro (cultured cell-based) and in-vivo (animal-based) preclinical studies. The other Emtin peptides (EmtinAc, EmtinAn and EmtinBn) have demonstrated strong potential in initial in-vitro studies and are yet to undergo in-vivo validation¹⁸.

Figure 3 > Metallothionein-II structure



¹⁶ Kohler, LB et al. 2003, *The role of metallothionein II in neuronal differentiation and survival*. *Brain Research*, vol. 992, pp. 128-136

¹⁷ Sonn, K et al. 2010, *A metallothionein mimetic peptide protects neurons against kainic acid-induced excitotoxicity*. *J. Neuroscience Research*, vol. 88, pp. 1074-1082.

¹⁸ Asmussen et al. 2009, *Peptides modelled after the alpha domain of metallothionein induce neurite outgrowth and promote survival cerebellar granule neurons*. *J. Cell Biology*, vol. 88 (8), pp. 433-443.

8.5.1 > EmtinB Mechanism of Action

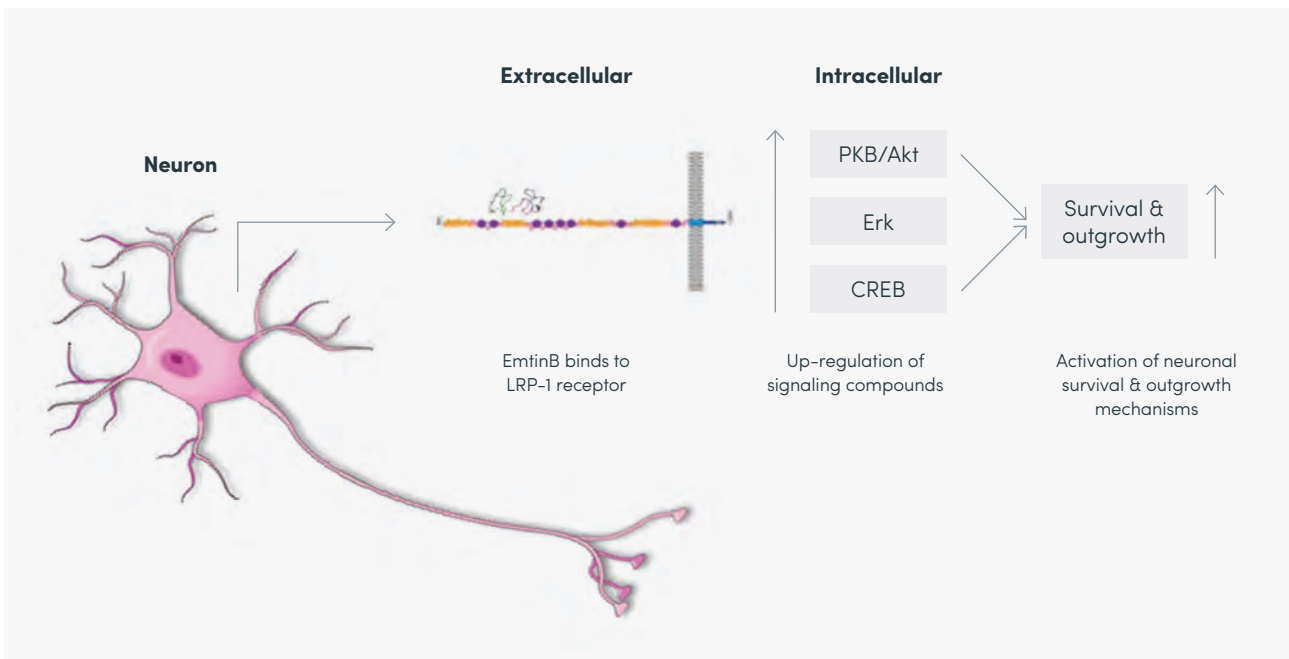
The mechanism of action of EmtinB is thought to occur through binding to surface-based cell receptors belonging to the LDLR family, which activate intracellular signalling pathways that “turn on” the survival-promoting processes of neurons¹⁹.

Specifically, it is thought that EmtinB associates with the LDLR receptors low-density lipoprotein receptor related protein (**LRP-1**) which is widely expressed within the brain (**Figure 4**). Activation of LRP-1 is known to stimulate the following downstream signalling molecules:

- a. extracellular signal-regulated kinase (**ERK**),
- b. protein kinase B (**PKB/Akt**), and
- c. cAMP response element-binding protein (**CREB**).

ERK, PKB/Akt and CREB are all important mediators of neuronal outgrowth and survival²⁰.

Figure 4 > Representation of EmtinB mechanism of action



8.5.2 > EmtinB Preclinical Validation

In the Company's opinion, preclinical validation of EmtinB confirms the peptide has sufficient therapeutic potential to proceed to clinical testing in humans. Results from key studies have determined that:

(a) EmtinB significantly induces neurite outgrowth

Neurites are projections from the bodies of neurons, forming either axons or dendrons as they grow. Neurite outgrowth is an *in vitro* neuronal model used to measure the effect of a drug on developing neurons by assessing the increase (positive) or decrease (negative) in the length of neurites and the percentage of cells with neurites.

Neurons incubated with EmtinB for 24-hours exhibited significant neurite outgrowth, equivalent to that of MTII (**Figure 5A**). Untreated neurons exhibited little to no neurite outgrowth within the same incubation period²¹.

Figure 5A > The effect of EmtinB and MTII on neurite outgrowth



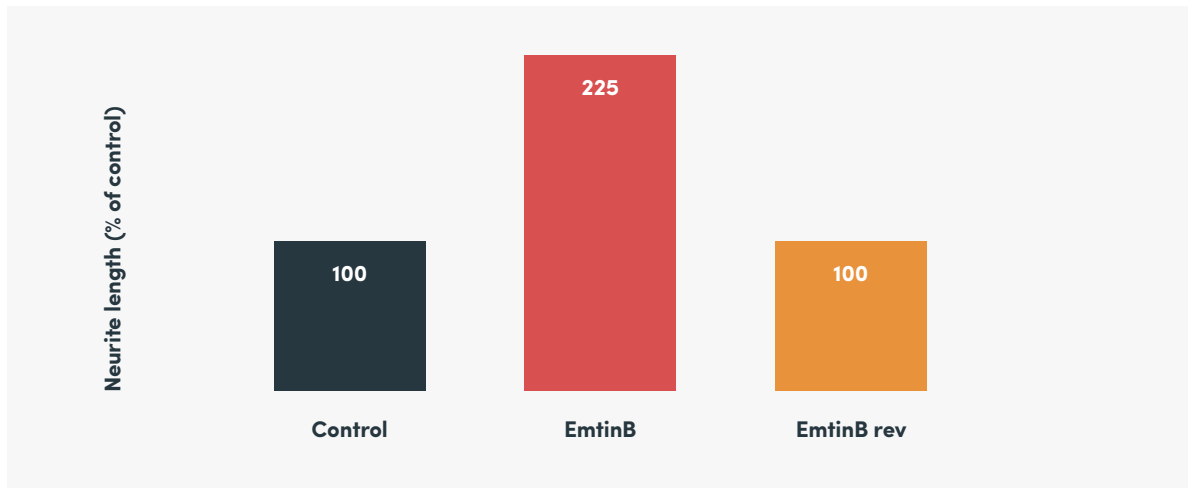
Figure 5B compares the average length of neurites in cells treated with EmtinB as a percentage of the untreated control cells and with cells treated with a peptide composed of the reverse sequence of amino acids to that of EmtinB. Both the untreated control and reverse sequence peptide (EmtinB rev) did not induce growth of neurites, indicating that the response to EmtinB treatment is sequence specific⁷. This data demonstrates that EmtinB has a positive effect on the health of neurons, enhancing the formation and growth of axons and dendrites.

¹⁹ Ambjorn, M et al. 2008, Metallothionein and a peptide modelled after metallothionein, EmtinB, induce neuronal differentiation and survival through binding to receptors of the low-density lipoprotein receptor family. *Journal of Neurochemistry*, vol. 104, pp.21-37.

²⁰ Ambjorn, M et al. 2008.

²¹ Ambjorn et al. 2008.

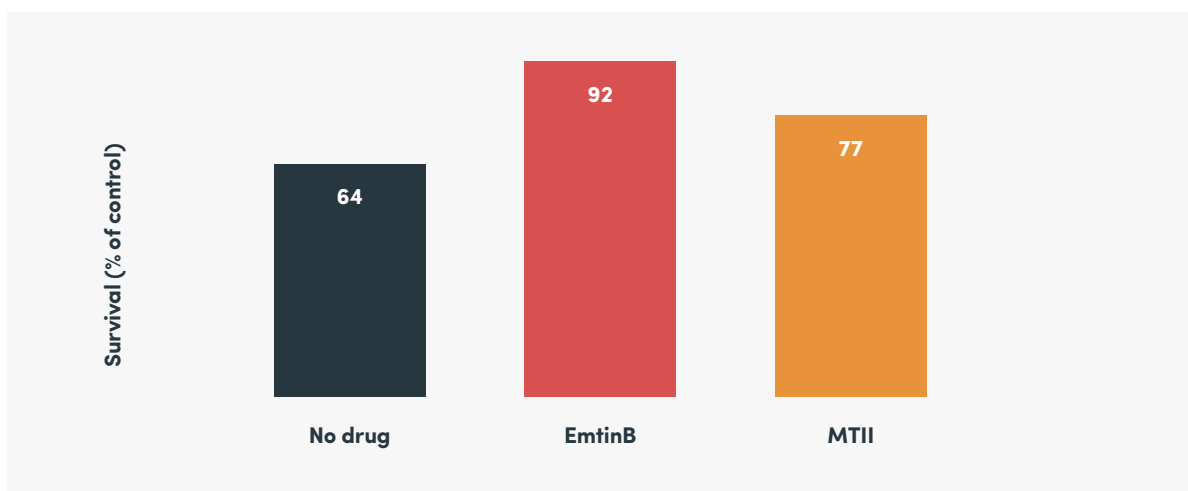
Figure 5B › The average neurite length following treatment with EmtinB



(b) **EmtinB promotes neuronal cell survival with greater efficacy than MTII**

This in vitro model assesses the effect of a drug on the survival rate of neurons that have been induced to undergo apoptosis (i.e. cell death). Neurons incubated with EmtinB for 48-hours had a survival rate of 92%, while the untreated control neurons survival rate dropped to 64% (Figure 6). MTII treated neurons has a survival rate of 77%²². This data shows that EmtinB promotes the survival of neurons in a biological environment which would otherwise reduce the number of viable cells. The data also demonstrates that EmtinB mimics the biological effects of MTII in vitro.

Figure 6 › Effect of EmtinB and MTII on the survival of neurons induced to undergo apoptosis (cell-death)



²² Sonn, K et al. 2010, A metallothionein mimetic peptide protects neurons against kainic acid-induced excitotoxicity. *J. Neuroscience Research*, vol. 88, pp. 1074-1082.

²³ Sonn, K et al. 2010.

²⁴ Eaton, E. et al. (2015) Emtins: novel peptides derived from metallothionein-II as potential therapeutics in Alzheimer's disease. Unpublished, UTAS

(c) **EmtinB crosses the Blood-Brain Barrier and can be detected in blood plasma for up to 24-hours**

For a drug to be able to successfully treat conditions of the brain, it must be systemically circulated in the blood after being administered and be readily absorbed across the blood-brain-barrier (BBB). Measurement of the concentration of a drug in blood plasma over a period of time determines the rate and extent of its absorption during systemic circulation. Detection of a drug in cerebral spinal fluid (CSF) after administration indicates that it is absorbed across the BBB and into the brain.

In this study, EmtinB was administered as a single dose via subcutaneous injection in rats and was detected in blood samples taken at the indicated time points over a 24-hour period (**Figure 7**). EmtinB was also detected in CSF samples taken at the 1-hour time point²³. This study shows that EmtinB is systemically circulated in the blood after administration, can be detected in plasma over a 24-hour period, and is readily absorbed across the BBB.

Figure 7 › **EmtinB plasma profile over 24 hours and detection in cerebral spinal fluid at 1 hour in rats**



d. **EmtinB protects neurons from beta amyloid-42 induced toxicity**

The 42 amino acid species of beta amyloid (**A β -42**) is thought to play a central role in the neurodegenerative processes of Alzheimer's disease. In this in vitro model, hippocampal neurons are administered with A β -42 to induce A β toxicity, representative of Alzheimer's disease.

Hippocampal neurons treated with 25 μ M of EmtinB were fully protected from A β -42 toxicity, while the survival rate of non-treated neurons was significantly reduced (**Figure 8A**). Control neurons were not treated with A β -42 or EmtinB and maintained a high survival rate²⁴.

Figure 8A > The effect of EmtinB on treatment of brain cells subjected to A β -induced toxicity

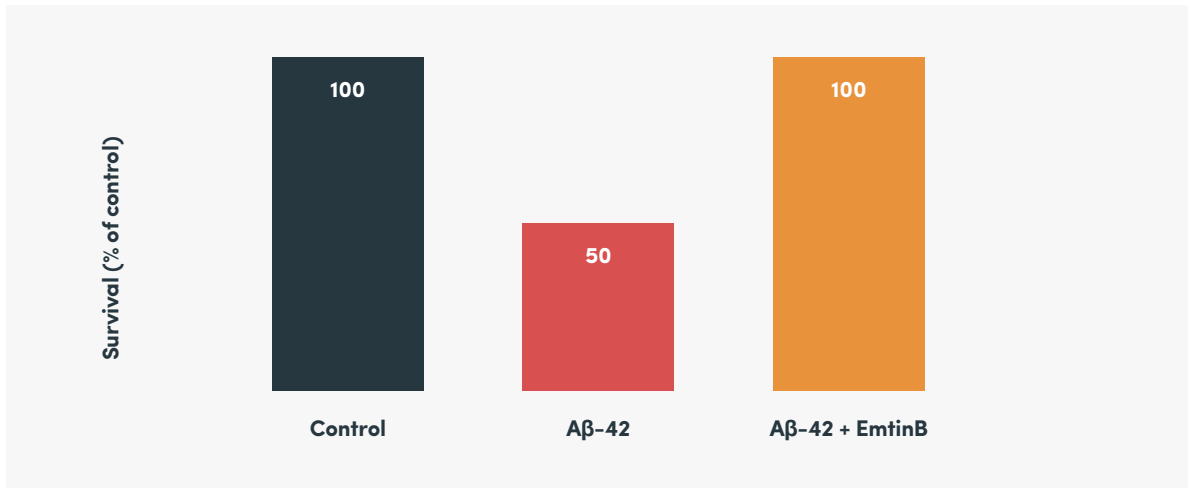
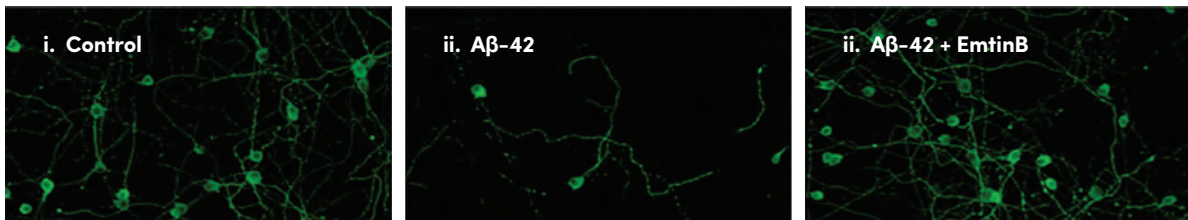


Figure 8B > The effect of EmtinB on treatment of brain cells subjected to A β -induced toxicity



The results from this study show that EmtinB can protect hippocampal neurons from A β -42 toxicity, a process thought to play a key role in the neurodegeneration of Alzheimer's disease.

e. EmtinB significantly slowed cognitive decline in animal models (mice) for Alzheimer's disease

Transgenic APP/PS1 mice are commonly used in research as an animal model for Alzheimer's disease. APP/PS1 mice display symptoms of Alzheimer's disease from approximately 6 months of age. In this *in vivo* study, 9-month-old APP/PS1 mice were administered EmtinB (5mg/kg or 30mg/kg dose) or saline (no drug) 5 times per week for two months. Cognitive function was assessed using a Y-maze at the end of the treatment period.

²⁵ Eaton et al. 2015.

²⁶ Fitzgerald, M. (2007) Metallothionein-IIA promotes neurite growth via the megalin receptor. *Experimental Brain Research*. Vol. 183, pp. 171-180

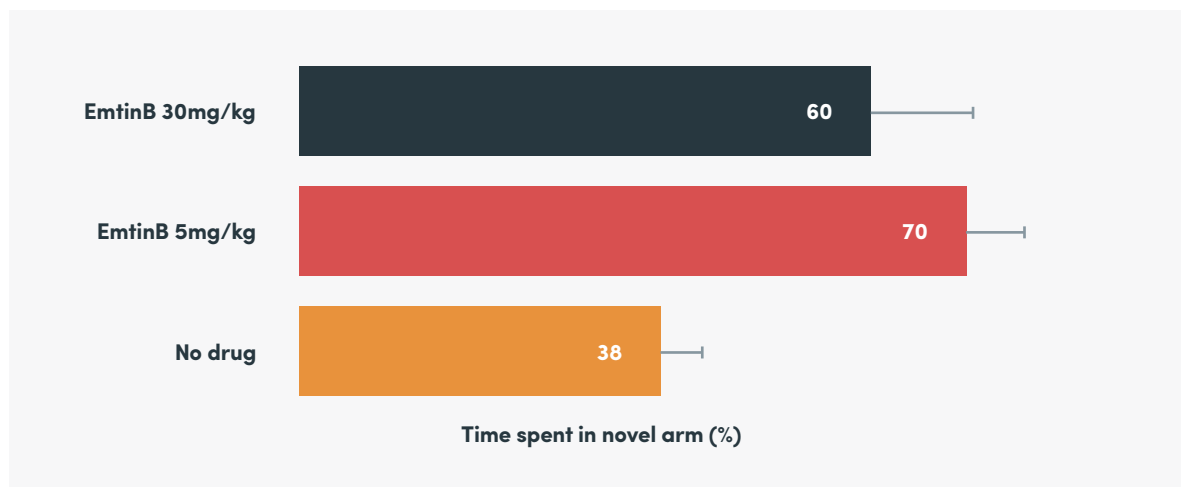
²⁷ Lima, S. et al. 2012. Full length regeneration in the adult mouse optic nerve and partial recovery of simple behaviours. *Proc Natl Acad Sci USA*. Vol. 109 No. 33. pp. 9149-9154.

²⁸ Chung, R.S. et al. (2008) Redefining the role of metallothionein within the injured brain. *J. Biological Chemistry*, vol. 283, No. 22, pp. 15349-15358

²⁹ Aires, ID. et al. 2016 Modelling human glaucoma: lessons from the *in vitro* models. *Ophthalmic Research*. 57; pp.77-86

Mice treated with EmtinB performed significantly better than the untreated mice, with the 5mg/kg dose being more efficacious than the 30mg/kg dose (**Figure 9**)²⁵. This data suggests that EmtinB at the correct dose may have a protective effect on the brain by slowing cognitive decline and supports further development of EmtinB as a treatment for Alzheimer's disease.

Figure 9 › EmtinB treatment in animal models of Alzheimer's disease



8.5.3 › MTII Data to Support Further EmtinB Studies

MTII proteins have been identified as playing a key role in the innate cellular stress-response system of the CNS. Recognition of its therapeutic potential is evident by the sizable volume of studies that have been published.

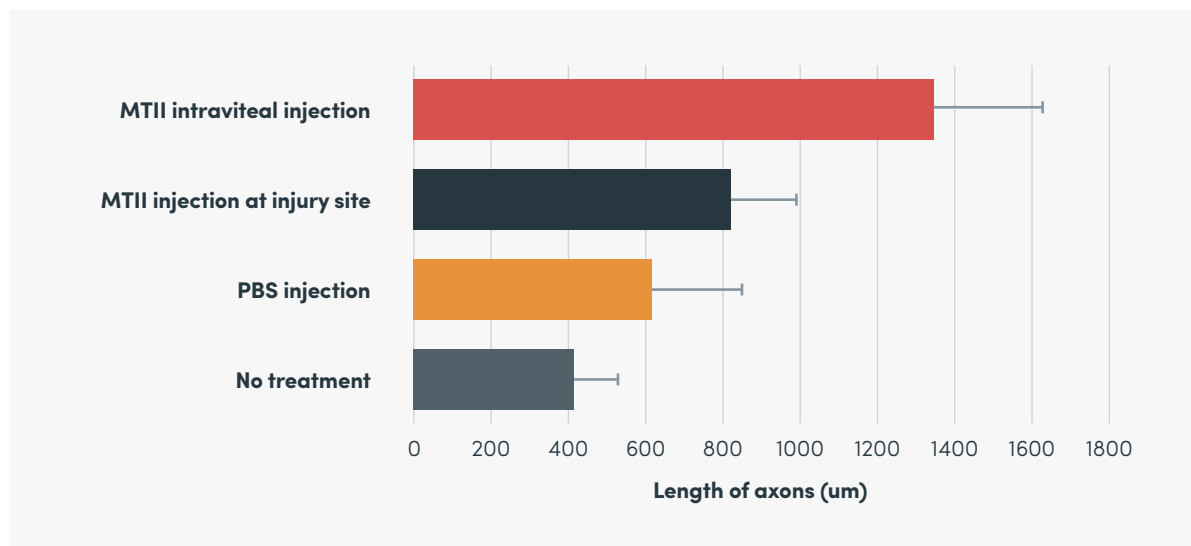
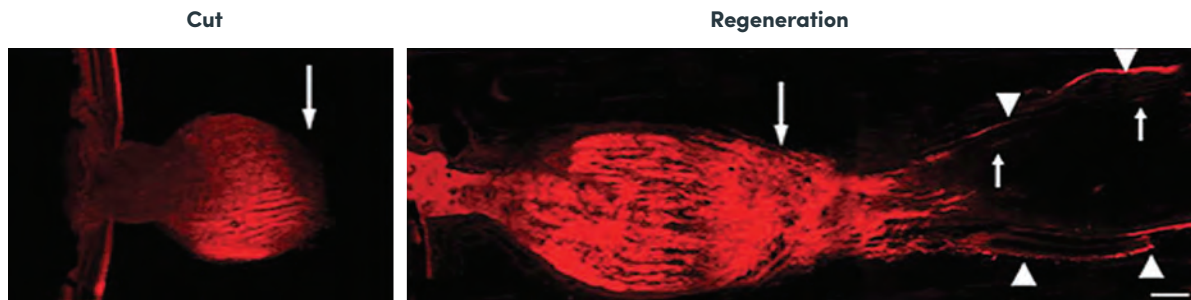
The Company is of the opinion that these studies can provide foundational evidence for additional efficacy studies involving EmtinB.

a. Degenerative conditions of the Optic Nerve

MTII treatment stimulated neurite outgrowth in retinal ganglion cells²⁶ and promoted the regeneration of retinal cells in vivo following transection of the optic nerve. The optic nerve transmits visual information from the retina of the eye to the brain and is composed of retinal ganglion cell axons and glial cells. Damage to the optic nerve typically results in some degree of permanent loss of vision²⁷. Following complete transection of the optic nerve in mice, a single intravitreal injection of MTII resulted in axonal regeneration up to 1000µm past the transection site (**Figure 10**)²⁸.

This data shows that MTII induced the regeneration of axons of retinal cells that make up the optic nerve. The Company plans to conduct a similar animal study with EmtinB which may lead to clinical studies in indications such as glaucoma, the second leading cause of irreversible blindness²⁹, and diabetic neuropathy.

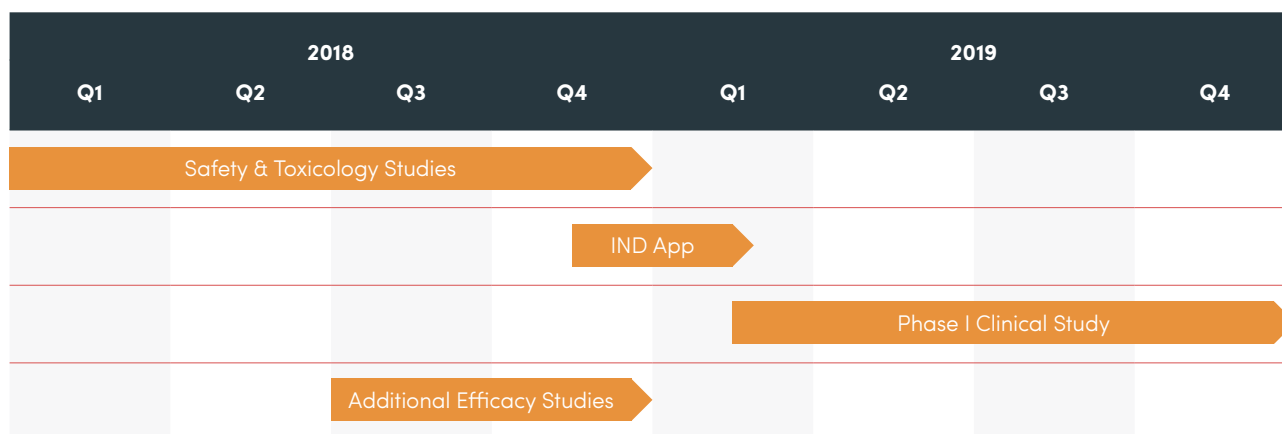
Figure 10 › Complete transection of the optic nerve (A) and regeneration of the optic nerve after treatment with MTII (B) in mice. (C) compares the axonal lengths³⁰



8.5.4 › EmtinB Product Development & Commercialisation

As detailed in Section 8.5.2, extensive preclinical testing to support the advancement of EmtinB into human studies has been achieved, with strong preclinical data that demonstrates EmtinB's potential treatment capabilities. The Company will now progress EmtinB through to preclinical safety and toxicology studies required to permit the Company to submit a New Investigation Drug (IND) application with the FDA and prepare for the Phase I clinical trials (Figure 11).

³⁰ Chung, Et al. 2008

Figure 11 › EmtinB product development schedule

a. **Safety & Toxicology Studies**

EmtinB will undergo the battery of standard safety and toxicology studies required by the FDA / EMA. These studies need to be performed in compliance with Good Laboratory Practice (GLP) standards, which ensure the reliability of the study results.

b. **IND Application**

An IND application is a comprehensive compilation of all the study data involving a compound that is filed with the FDA prior to initiating studies on human subjects.

c. **Phase I Clinical Studies**

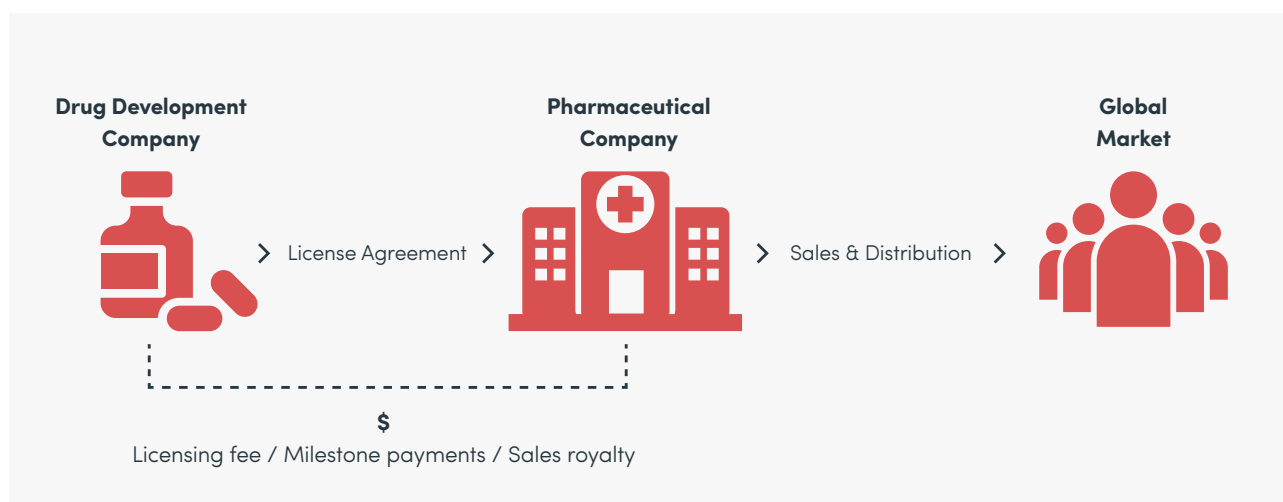
Assessment of the safety and tolerability, dosing, and pharmacology of an investigational drug in humans.

d. **Additional Efficacy Studies**

The Company will assess the efficacy of EmtinB in other animal models for neurodegenerative conditions, starting with degenerative conditions of the optic nerve.

NeuroScientific plan to commercialise EmtinB by licensing the product to a global pharmaceutical company following completion of the Phase I clinical trials. Under a licensing agreement, it is expected that the licensee will complete clinical development and achieve market approval of EmtinB. In return, the Company will seek an upfront licensing fee, milestone payments and royalties on sales (see **Figure 12** below). Due to the potential for EmtinB to be developed into a treatment for a number of neurodegenerative conditions, the Company may be able to achieve multiple extensions to a licensing agreement (and additional revenue) with each subsequent "new" indication.

Figure 12 > **Example licensing process with a pharmaceutical company**



In the period from 2012 to 2016, US\$1.6 billion in upfront payments were paid to companies across 71 R&D-stage asset out and licensing activity within the neurology treatment area³¹. This indicates a strong willingness for pharmaceutical companies to develop and commercialise drugs within the neurological treatment area.

8.5.5 > Additional Emtin Peptides

In addition to the EmtinB peptide, three other peptides have been identified from MTII and synthesised as dendrimers. EmtinAn and EmtinAc are modelled on sequences from the alpha-domain and EmtinBc from the beta-domain of the MTII protein.

Of the additional Emtin peptides, preliminary in vitro studies have demonstrated a number of similar properties as EmtinB (**Table 7**).

³¹ Thomas, D. & Wessel, C. 2017. Emerging therapeutic company investment and deal trends. *BIO Industry Analysis*. US

³² Asmussen et al. 2009.

³³ Barr, RK et al. 2016, Validation and characterization of a novel peptide that binds monomeric and aggregated beta-amyloid and inhibits the formation of neurotoxic oligomers. *J. Biological Chemistry*, vol. 291 (2), pp. 547-559.

Table 7 › Summary of validated properties of EmtinAc, EmtinAn and EmtinBc peptides ³²

Emtin Peptide	Structure	In vitro validation		
		Induces neurite outgrowth	Induces cell-survival	Blinds LRP-1
EmtinAc	14 amino acids, modelled on C-terminal of α -domain	●		●
EmtinAn	14 amino acids, modelled on N-terminal of α -domain	●	●	
EmtinBc	14 amino acids, modelled on C-terminal of β -domain		●	●

Further validation studies will be conducted, with only the most promising of the three peptides continuing to safety and toxicology studies (**Figure 13**).

Figure 13 › Development schedule for the other Emtin peptides



8.6 › 15mS.A.

8.6.1 › 15mS.A. Diagnostic Peptide

The 15mS.A. peptide (**15mS.A.**) is a stable analogue of one of several peptides identified using a screening process designed to capture peptides with high binding specificity for beta-amyloid; a protein that is toxic in high concentrations and is the main constituent of amyloid plaques associated with Alzheimer's disease. In particular, 15mS.A. has demonstrated stronger affinity for the 42 amino acid species of beta amyloid, which has been demonstrated to be more toxic than the 40 amino acid species.

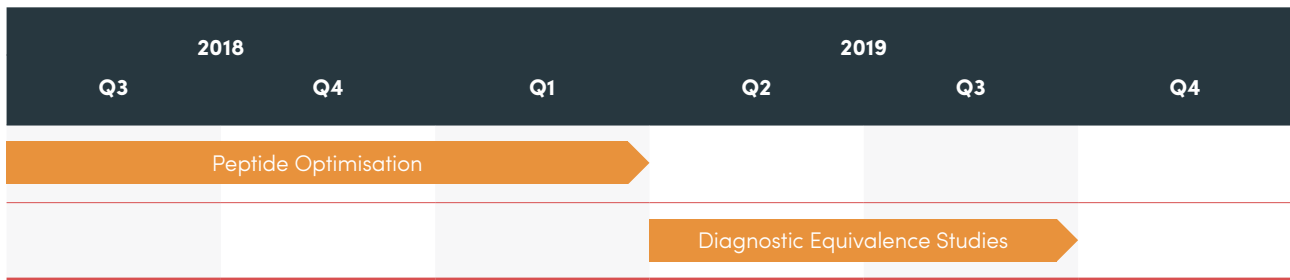
Results from preclinical studies to date have demonstrated that 15mS.A. not only binds beta-amyloid plaques in mice, but also binds the precursor forms of the toxic protein (monomers, oligomers and fibrils) before their aggregation into the larger plaque structures. This ability of 15mS.A. has the potential to translate into a diagnostic tool that could diagnose Alzheimer's disease at a much earlier stage in the disease process than is currently possible. The addition of a radio-label to 15mS.A. is expected to allow the peptide to be detected via Positron Emission Tomography (**PET**) imaging ³³.

8.6.2 › 15mS.A. Product Development & Commercialisation

As detailed in Section 8.6.1, 15mS.A. has several novel capabilities that have the potential to translate into diagnostic processes. Based on results to date, the Company is of the opinion that compared to existing methods, these processes may aid in diagnosing patients with Alzheimer’s disease at an earlier stage and/or provide a more thorough assessment of a patient’s risk of developing Alzheimer’s disease. The 15mS.A. peptide structure will need to be optimised for the attachment of a radio-label, which may allow the peptide to be used as an imaging agent.

Should 15mS.A. prove suitable, the Company will seek to out-license the peptide to a commercial partner who is already established within the disease diagnostic space. It is expected that the commercial partner will complete development of 15mS.A. and the Company will receive royalties on sales of the marketed product (**Figure 14**).

Figure 14 › 15mS.A. product development schedule



8.7 › Barriers to Entry

The commercialisation of the Company’s peptides is subject to regulatory approvals in Australian, the US and Europe. In order to meet the significant cost of completing development of its peptides, the Company will also seek to enter licensing arrangements with an established drug development company.

Please refer to Section 10 for a discussion of risks associated with the Company’s business.

8.8 › Regulatory Landscape

The drug development process involves pre-defined steps (**Figure 15**) that ultimately aim to provide evidence of the safety and effectiveness of a drug candidate before it is approved for use as a treatment.

Regulatory bodies, such as the FDA in the USA, the European Medicines Agency (**EMA**) in the European Union (**EU**) and Therapeutic Goods Administration (**TGA**) in Australia, oversee the approval process of drugs to ensure the benefit of treatment outweighs the risk of harm.

Of these bodies, the FDA in the USA has the most detailed regulatory requirements for approval of drugs for human consumption. As such, the Company’s initial focus will be seeking FDA approval for EmtinB. The Company will then consider seeking the relevant approvals, in partnership with any development partner, from the EMA and TGA by leveraging off the work undertaken in obtaining FDA approval.

The regulatory pathway for each of the US, EU, and Australia are set out below:

a. United States

The FDA is responsible for protecting the public health by ensuring the safety, efficacy, and security of human and veterinary drugs, biological products, and medical devices.

The FDA is responsible for advancing the public health in the US by helping to speed innovations that make medical products more effective, safer, and more affordable and by helping the public get the accurate, science-based information they need to use medical products and foods to maintain and improve their health.

For certain diseases with high unmet medical need, the FDA also offers programs to expedite the regulatory pathway for drugs, such as the:

- i. **Fast Track Program:** this program allows frequent submissions of portions of data to the FDA for review, instead of a single submission of all clinical data at conclusion; and
- ii. **Accelerated Approval Program:** this program is for drugs whose effectiveness can be verified by a “surrogate end-point”, such as a biomarker that can be detected via a blood test, as opposed to more subjective results from clinical trials.

b. European Union & United Kingdom

The EMA is an agency of the EU responsible for the scientific evaluation, supervision, and safety monitoring of medicines in the EU. The EMA covers the 28-member states of the EU, as well as the countries of the European Economic Area, ensuring that all authorised medicines are safe, effective and of high quality.

The authorisation to market medicines within the EU is achieved via two main routes:

- i. **Centralised authorisation procedure:** a single market-authorisation application is submitted to the EMA. If successful, market-authorisation is valid throughout all EU countries.
- ii. **National authorisation procedures:** market-authorisation applications are submitted to and granted by the National Competent Authority of individual EU Member States. Applicants can request market-authorisation in several EU member states using either:
 - a. Mutual-recognition procedure, whereby a marketing-authorisation granted in one Member State can be recognised in other EU countries;
 - b. Decentralised procedure, whereby market-authorisation for medicines not yet authorised in the EU can be simultaneously authorised in a number of EU Member States.

Regardless of the chosen market-authorisation route, the scientific data requirements and standards governing authorisation are the same.

c. Australia

The TGA is responsible for regulating pharmaceutical products and medical devices in Australia. During the drug development process, the TGA must be notified when a drug candidate is to be tested in clinical studies conducted within Australia.

The TGA conducts pre-market assessments of study data, post-market monitoring of safety, and enforcement of standards in regard to manufacturing, of pharmaceutical products.

8.8.2 > The Drug Development Process

The Company's peptides must successfully pass through each phase of the drug development process (i.e. preclinical phase and clinical phases) before being approved for market registration, and ultimately, sale.

Figure 15 is a summary of the drug development process as per the FDA, which involves the following phases and regulatory submissions:

a. Preclinical Studies

- i. **Efficacy studies:** demonstrate that the drug has the desired treatment effect in in vitro (cell-based) and in vivo (animal-based) models of disease. Control groups must be used to allow a valid comparison and quantitative assessment of the treatment effect³⁴.
- ii. **Animal pharmacology & toxicology studies:** data that allows for the assessment of a drug's potential to cause harm and if it is safe enough for initial studies in humans³⁵. These studies need to be performed to GLP standard and demonstrate the following:
 - a. acceptable pharmacology and distribution profile, which details the absorption, distribution, metabolism, and excretion of the drug in animals³⁶; and
 - b. acceptable toxicology profile, detailing the safe dosing limits of the drug in animals via maximum tolerated dose (**MTD**) studies and repeat toxicity studies. The study animals are thoroughly monitored for any adverse effects that may result from administration of the drug at various doses³⁷.

As set out in Section 8.5.4, the Company is in the process of completing these safety and toxicology studies in advance of preparing an IND submission. Details of the efficacy studies and animal pharmacology studies undertaken to date are set out in Section 8.5.2.

The Company anticipates undertaking efficacy studies for the other Emtin peptides in the third quarter of 2018, following which it anticipates commencing animal pharmacology studies in the first quarter of 2019 (refer to Section 8.5.5).

b. Investigational New Drug (IND) Submission

The IND is a document that compiles all the relevant data for review by the FDA to allow approval to proceed to clinical trials³⁸. The IND is prepared in the format of a Common Technical Document (CTD), which is also accepted by the EMA and TGA³⁹. The IND contains the following information:

- i. Pharmacology and toxicology data: compilation of all the relevant studies completed to demonstrate the drugs effectiveness and safety profile⁴⁰;
- ii. Chemistry, manufacturing, and control data: details on the chemistry, methods, and controls for manufacturing the drug⁴¹; and
- iii. Clinical study protocols: involves details of the design, methodology, and analysis considerations necessary for the conduct of planned human clinical studies⁴².

The Company has not yet commenced preparation of an IND submission for EmtinB or 15mS.A. The Company anticipates making an IND submission with respect to EmtinB in the fourth quarter of 2018.

c. Clinical Studies

- i) Phase I clinical studies: first-in-human studies to assess safety, pharmacology, and dosing of a drug. Phase I studies are usually conducted in healthy volunteers and limited to between 20-100 people⁴³.
- ii) Phase II clinical studies: controlled human clinical studies to assess safety and basic measures of effectiveness of a drug in patients with the disease the drug intends to treat. These studies are usually limited to between 50-200 patients⁴⁴.
- iii) Phase III clinical studies: large, controlled human clinical studies conducted in diseased patients with the intention of measuring effectiveness of the drug and drug-related side-effects. These studies can involve 300-3000 patients across multiple treatment sites⁴⁵.

d. New Drug Application (NDA) Submission

An NDA is the final review document required by the FDA before a drug is approved for use in patients within the general population. The NDA is the evolved form of the IND, detailing all the preclinical and clinical evidence of the drug's effectiveness and safety data⁴⁶. The NDA also contains a drug's proposed labelling documentation⁴⁷.

e. Regulatory Review & Approval

The FDA review process involves a thorough analysis of the supporting data detailed within the NDA as well as inspection of the facilities where the drug is manufactured. The FDA will either approve the application or issue a complete response letter detailing why the application was not approved⁴⁸.

³⁴ FDA. 1995.

³⁵ FDA. 2001. *Guidance for Industry: S7A Safety pharmacology studies for human pharmaceuticals*. US Dept. Health

³⁶ FDA. 2001.

³⁷ FDA. 2001.

³⁸ FDA. 1995.

³⁹ Strovel et al. 2016.

⁴⁰ FDA. 1995.

⁴¹ FDA. 1995.

⁴² FDA. 1995.

⁴³ FDA. 1997.

⁴⁴ FDA. 1997.

⁴⁵ FDA. 1997.

⁴⁶ FDA. 1987. *Guidance for Industry: guidelines on formatting, assembling, and submitting new drug and antibiotic applications*. US Dept. Health.

⁴⁷ FDA. 1987.

⁴⁸ FDA. 1987.

Figure 15 > **Regulatory Pathway**



8.9 › Intellectual property interests

The current patent portfolio of NeuroScientific consists of a single patent family for the EmtinB therapeutic peptide technology and three patent families for the 15mS.A. diagnostic peptide. The Company believes that it is in a strong position with these patents as they cover both composition-of-matter and potential indications for use against target diseases.

a. Emtin Peptide Technology

NeuroScientific has exclusively licensed the right to develop and commercialise the patent matters and other intellectual property pertaining to the Emtin peptide technology from UTASH (refer to Section 12.1 for a summary of the Exclusive Licence Agreement).

Patents covering composition-of-matter and potential indications for use for the Emtin peptides (including EmtinB and analogues of) includes a US patent, a US continuation patent, a US continuation patent application, a European patent and two divisional European patents.

Divisional and continuation patents derive from earlier patent applications and seek to include further information with respect to previously patented matters. Divisional and continuation patents retain their priority from the date of the initial patent application.

b. 15mS.A. Diagnostic Peptide

The 15mS.A. peptide, and associated other peptides, is protected by two granted Australian patents, one pending Australian patent, one granted US patent, one pending US patent and a pending European patent. The claims made within these patents, if upheld, provide the Company with exclusive rights to enforce against competitors in relation to the use of 15mS.A. as a diagnostic and/or therapeutic peptide for Alzheimer's disease.

Further information on the Company's intellectual property rights can be found in the Patent Attorney's Report contained in Annexure A.

8.10 > Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List as follows:

Use of Funds	Amount Minimum Subscription	Percentage	Amount Maximum Subscription	Percentage
Existing cash reserves of the Company ¹	\$300,000	5.66%	\$300,000	4.76%
Funds raised under the Public Offer	\$5,000,000	94.34%	\$6,000,000	95.24%
TOTAL	\$5,300,000	100%	\$6,300,000	100%
EmtinB: preclinical safety & toxicology studies ²	\$1,600,000	30.19%	\$1,600,000	25.40%
EmtinB: manufacturing & quality control	\$300,000	5.66%	\$400,000	6.35%
EmtinB: indication expansion studies (optic nerve) ³	\$200,000	3.77%	\$300,000	4.76%
EmtinB: clinical studies ⁴	\$2,000,000	37.74%	\$2,200,000	34.92%
Other Emtin Peptides: preclinical validation	\$100,000	1.89%	\$350,000	5.56%
15mS.A.: sequence optimisation ⁵	\$50,000	0.94%	\$100,000	1.59%
Expenses of the Offers ⁶	\$500,400	9.44%	\$560,400	8.90%
Working Capital ⁷	\$549,600	10.37%	\$789,600	12.53%
TOTAL	\$5,300,000	100%	\$6,300,000	100%

Notes:

1. *Being the combined estimated cash reserves of the Company as at the date of this Prospectus.*
2. *These studies involve pharmacokinetic, pharmacodynamic, and toxicity tests in animals to GLP standards. These studies are standard studies required to support an IND submission for approval to begin human clinical studies.*
3. *The Company intends to conduct studies in animal models to validate EmtinB as a treatment for degenerative conditions that affect the optic nerve. A successful outcome will allow the Company to progress the development of EmtinB in another area of unmet medical need.*
4. *Phase I clinical studies to assess safety and dosage of EmtinB in healthy human volunteers.*
5. *Sequence optimisation studies involve the assessment of the pharmacokinetic profile of 15mS.A. in a biological matrix, such as blood plasma.*
6. *Refer to Section 13.9 for further information.*
7. *Working capital includes the general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs.*

In the event the Company raises more than the Minimum Subscription but less than the Maximum Subscription, the funds will be applied on a pro rata basis. On completion of the Public Offer, the Board of Directors believe the Company will have sufficient working capital to achieve its stated objectives for the next two years.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserve the right to alter the way funds are applied on this basis.

8.11 > Capital Structure

The capital structure of the Company following completion of the Public Offer is summarised in Section 3.2.

8.12 > Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus (at which time there are 31,355,592 Shares on issue) and on completion of the Public Offer (assuming maximum subscription and all Shares set out in the capital structure table in Section 3.2 are issued) are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Percentage
McRae Technology Pty Ltd	14,628,954	46.7%
EJ & M Gettingby ATF Parklands Superannuation Fund	3,260,000	10.4%
Edith Cowan University	2,555,555	8.2%
UTAS Holdings Pty Ltd	2,820,896	9.0%
Australian Alzheimer's Research Foundation	1,926,667	6.1%
Barry Richard Henry Ryle & Dorothy Jean Ryle ATF Ryle Family Trust	1,666,667	5.3%

On completion of the Offers (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offers)

Shareholder	Shares	Percentage	
		\$5,000,000 Capital Raising	\$6,000,000 Capital Raising
McRae Technology Pty Ltd	16,628,954 ¹	24.25%	22.60%

Note:

- McRae Technology Pty Ltd holds 80,000 Convertible Notes that will convert into 2,000,000 Shares upon conversion. Refer to Section 13.4 for a summary of the terms and conditions attaching to the Convertible Notes.*

McRae Investments Pty Ltd (the parent company of McRae Technology Pty Ltd) has indicated that its current intention is to apply for (either in its own name or through nominees) up to \$2,000,000 worth of Shares under the Public Offer. If it does so, it will hold 26,628,954 Shares and have a voting power of 38.83% (on a minimum capital raise of \$5,000,000) and 36.19% (on a maximum capital raise of \$6,000,000).

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

8.13 › Restricted Securities

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Public Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's Shares being granted Official Quotation on ASX (which is subject to ASX's discretion and approval).

8.14 › Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

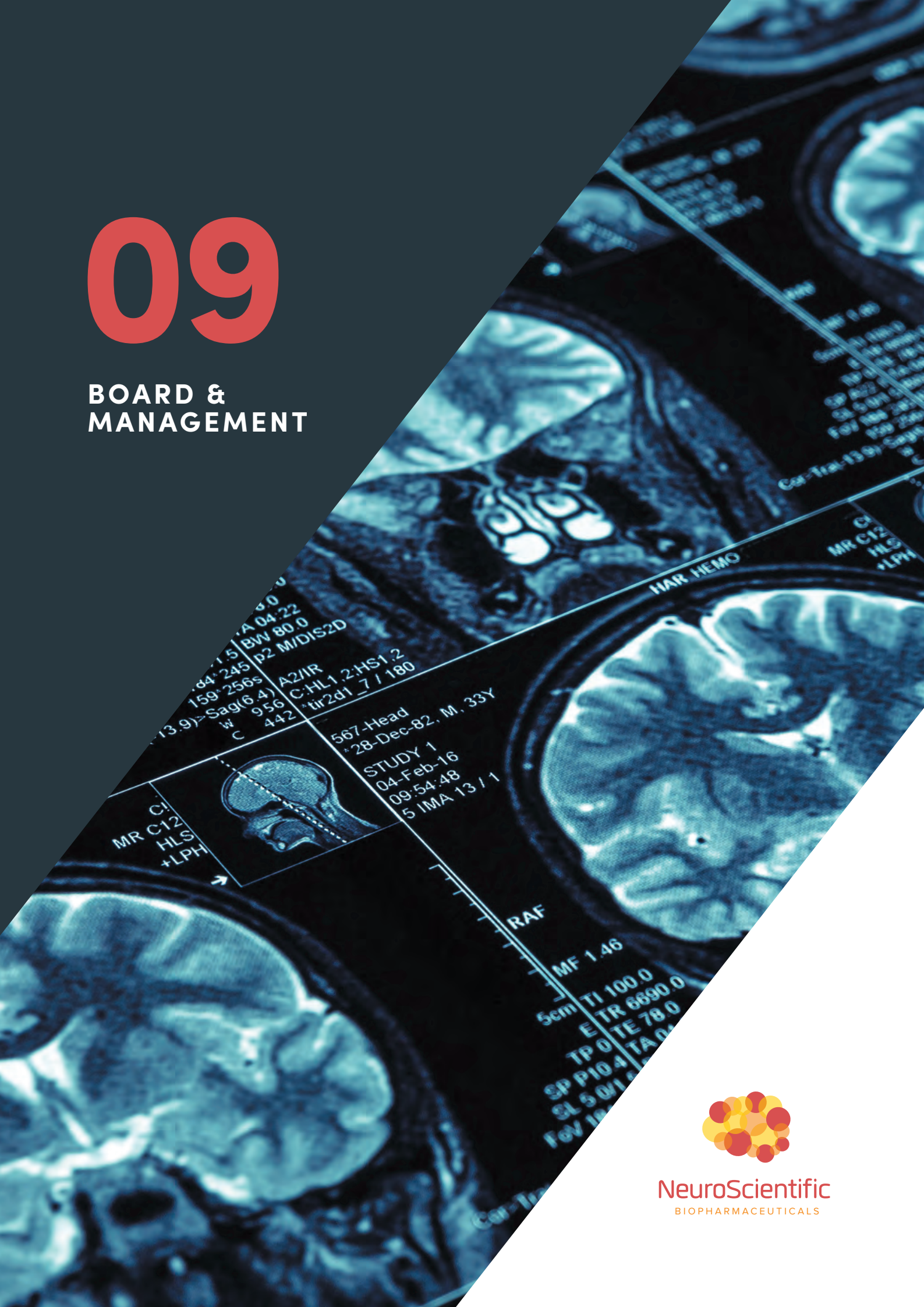
8.15 › Dividend Policy

The Board anticipate that significant expenditure will be incurred in the development of the Company's business. These activities are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the directors of the Company and will depend on the availability of distributable earnings and operating results and financial conditions of the Company, future capital requirements and general business and other factors considered relevant. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

09

BOARD & MANAGEMENT



NeuroScientific
BIOPHARMACEUTICALS

9.1 › Directors and Key Personnel

As at the date of this Prospectus, the Board comprises of:

- a. Mr Brian Leedman – Non-executive Chairman;
- b. Mr Matthew Liddelow – Managing Director & Chief Executive Officer;
- c. Dr Anton Uvarov – Executive Director;
- d. Mr Stephen Quantrill – Non-executive Director; and
- e. Mr Thomas Spencer – Company Secretary.

The Company is aware of the need to have sufficient management to properly manage NeuroScientific's business and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

The Board of Directors is comprised of carefully selected individuals whose experience and skill base is commensurate with the requirements and profile of the Company.

9.2 › Current Directors & Management of the Company

Mr Brian Leedman **Non-Executive Chairman**

Mr Leedman is a marketing and investor relations professional with over 15 years' experience in the biotechnology industry. Mr Leedman was co-founder of ResApp Diagnostics Pty Ltd which was acquired by Narhex Life Sciences Ltd to form ResApp Health. Prior to ResApp, Mr Leedman co-founded Oncosil Medical Limited and Biolife Science Limited (acquired by Imugene Limited). Mr Leedman previously served for 10 years as Vice President, Investor Relations for pSivida Corp which is listed on the ASX and NASDAQ. During the past three years Mr Leedman has served as a Director of ResApp Health Ltd (ASX:RAP) and Alcidion Group Ltd (ASX:ALC).

He is formerly the WA chairman of AusBiotech, the association of biotechnology companies in Australia. Mr Leedman holds a Bachelor of Economics and a Master of Business Administration.

Mr Matthew Liddelow **Managing Director & CEO**

Mr Liddelow has over twelve years' experience in the commercialisation of biotechnology, medical devices and pharmaceuticals. Mr Liddelow has been involved in a number of start-up companies, including device company Medevco Pty Ltd, which was acquired by Allied Healthcare Group Ltd (now Admedus Ltd). While employed by multi-national pharmaceutical company AstraZeneca, Mr Liddelow gained first-hand experience in the development, marketing and product launch of cardiovascular and respiratory related medications. In 2014, Mr Liddelow founded Enhanced Biomedical Pty Ltd (deregistered in 2016), a medical device distribution business of which he was Managing Director.

Mr Liddelow has a Bachelor of Science in Molecular Biotechnology, a Post-Graduate Certificate in Epidemiology and Biostatistics, and a Masters in Pharmacy. Mr Liddelow brings a wealth of both commercial and scientific experience to the Company.

Dr Anton Uvarov
Executive Director

Dr Uvarov has significant experience as an equity analyst in the healthcare industry with a focus on the biotechnology sector, both domestically and internationally. Prior to moving to Australia he was with Citigroup Global Markets where he spent two years as a member of a New York based biotechnology team that has been continuously ranked top 4 for Biotechnology in the All-America Institutional Investor survey.

Dr Uvarov's scientific expertise and company knowledge spreads across a variety of therapeutic areas and spectrum of market capitalizations with his particular interest in early stage biotechnology companies. Dr Uvarov holds a PhD degree in Biochemistry and Medical Genetics from the University of Manitoba, Canada and an MBA degree from the University of Calgary, Canada. During the past three years Dr Uvarov has also served as a Director of Elsie Limited (ASX: ELS), Diverse Security Needs Limited (to be renamed Parazero Limited), HearMeOut Limited (ASX: HMO), Actinogen Medical Limited (ASX: ACW), Sun Biomedical Limited (ASX: SBN) (now Dimerix Limited), Acuvax Limited (ASX: ACU) (now Plus Connect Limited), and Imugene Limited (ASX: IMU).

Mr Stephen Quantrill
Non-Executive Director

Mr Stephen Quantrill has over 20 years' experience in multifaceted roles in business ownership, corporate advisory, and company directorship with extensive experience as a business executive and private equity professional. Mr Quantrill is the Executive Chairman of McRae Investments, the Clough family private investment company, Executive Chairman of the Indo-Pacific Group, Chairman of Pedco Engineering, Executive Director of Colomi Iron, and Non-Executive Director of Twinza Oil.

Mr Quantrill has a Bachelor of Engineering (Hon), a Bachelor of Commerce, and a Masters of Business Administration, all obtained with first-class honours. He is a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors, and a Member of Engineers Australia.

Mr Thomas Spencer
Company Secretary

Mr Spencer qualified as a Certified Practising Accountant in 2004 with Kennerlys CPA's before commencing a career in financial services with the London office of Deutsche Bank. In 2005, Mr Spencer joined leading global asset manager Capital International before heading up GMP Securities finance and operations divisions in 2008 as part of GMP's expansion into Europe. Mr Spencer was part of the executive team and a partner of the UK group.

After returning to Australia in 2015, Mr Spencer joined the private equity and venture capital group McRae Investments and now holds various director level positions across a range of industries including, oil and gas, property and mining.

9.3 > Key Advisors and Consultants

NeuroScientific has engaged key advisors (as set out below) to provide guidance on the direction of the research and development program and intellectual property protection strategies. As the development program progresses and the need for specialist skills and knowledge expands, additional advisors will be appointed to complement the current advisory team. The Company is actively identifying and assessing individuals to anticipate these needs and bring them on board at the appropriate time.

**Professor Allan Kermode: Chairman, Scientific Advisory Committee
Head of Department of Neurology & Clinical Electrophysiology,
Sir Charles Gairdner Hospital, Western Australia**

Professor Allan Kermode is a Consultant Neurologist and Head of the Demyelinating Diseases Research at Western Australian Neuroscience Research Institute (WANRI), a Clinical Professor of Neurology at The University of Western Australia, and Head of the Department of Neurology and Clinical Neurophysiology at Sir Charles Gairdner Hospital.

Professor Kermode sees patients with multiple sclerosis (MS), manages a research team investigating causes of MS, and is Professor of Immunology at the Institute for Immunology and Infectious Diseases (IIID) based at Murdoch University.

Professor Kermode graduated from the University of Western Australia, was awarded their *Medicinae Studii Princeps* – the Australian Medical Association Gold Medal, and is a fellow of the Royal Australasian College of Physicians and the Royal College of Physicians (London). He has worked in the University of Oxford Department of Neurology and the Institute of Molecular Medicine, the National Hospital for Neurology and Neurosurgery (Queen Square, London), the Heidelberg Kopfklinik, and in the National Institutes of Health (USA).

Professor Kermode has served as Honorary Secretary, Council Member and Coordinator of Advanced Training for the Australian Association of Neurologists (now the Australian and New Zealand Association of Neurologists), is an Inaugural Member of the Central Scientific Committee and Executive Committee for the Pan Asian Committee for the Investigation Research and Treatment of Multiple Sclerosis, and is Chairman of the International Outreach Advisory Committee of the International Skills and Training Institute of Health.

**Professor John Wade: Scientific Advisor
Head of Peptide & Protein Chemistry
Florey Institute of Neuroscience & Mental Health, University of Melbourne**

Professor John Wade is one of the world's leading peptide chemists and has long worked principally in the field of the development of solid phase chemical peptide synthesis and its application to large, complex peptides. He is head of the Peptide & Protein Chemistry and Drug Design & Development group at the Florey Institute of Neuroscience and Mental Health, University of Melbourne, which is principally engaged in the structure-function relationships of insulin-like peptides. The team's patented Relaxin recently passed Phase 3 clinical trials for the treatment of acute heart failure.

Professor Wade has published more than 200 peer-reviewed articles, book chapters and patents. He is a frequent invited speaker at major international symposia and has received several awards including the 2010 Cathay Award of the Chinese Peptide Society as well as peer elected fellowship of both the Royal Australian Chemical Institute and Royal Society of Chemistry. Professor Wade has also long been a member of the International Peptide Liaison Committee, which aims to direct the continued growth of international peptide science.

Professor John Wade obtained his PhD at Monash University (Australia) and is an NHMRC Principal Research Fellow and Institutional Senior Principal Research Fellow with conjoint appointments as Professor at the School of Chemistry and Professor of Neuroscience at the University of Melbourne.

Mr Martin O’Sullivan: IP Advisor
Director & Principal at O’Sullivans Patent & Trade Mark Attorneys

Mr Martin O’Sullivan is an experienced intellectual property practitioner and commercialisation consultant who has been working with entrepreneurs and organisations to help them harness the value of their intellectual property since 1993. Mr O’Sullivan has a passion for advancing innovative ventures and a commitment to maximising the return on investment in intellectual property.

Mr O’Sullivan is a registered Patent and Trademark Attorney (Australia and New Zealand) who also holds a Bachelor of Science (Honours) in Biotechnology and an MBA.

9.4 > Availability of Directors

Each Director above has confirmed to the Company that they anticipate being available to perform their duties as a Director without constraint from other commitments.

9.5 > Independence of Directors

In determining whether a director is “independent”, the Board has adopted the definition of this word in The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**). Consequently, a director will be considered “independent” if that director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board charter to assist in this regard.

The Board considers that Brian Leedman is an independent director free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of the Director’s judgement and is able to fulfil the role of an independent Director for the purposes of the Recommendations.

9.6 > Corporate Governance

To the extent applicable, in light of the Company’s size and nature, the Company has adopted the Recommendations.

The Company’s main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 11.

In addition, the Company’s full Corporate Governance Plan and the Company’s compliance and departures from the Recommendations will be available from the Company’s website at www.neuroscientific.com.

9.7 > Disclosure of Interests

For each of the Directors, the proposed annual remuneration (excluding superannuation) for the calendar year during which the Company will be admitted to the Official List and the actual remuneration (including superannuation if applicable) of the calendar year preceding the date of this Prospectus together with the relevant interest of the Director in the Securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration 31 Dec 2017	Proposed Remuneration 31 Dec 2018	Shares ¹	Performance Shares ²
Mr Brian Leedman (appointed 29 September 2017)	\$25,000	\$100,000	1,500,000	1,250,000
Mr Matthew Liddelow (appointed 1 February 2018) ³	\$120,000	\$150,000	1,000,000	800,000
Dr Anton Uvarov ⁴ (appointed 29 September 2017)	\$ -	\$50,000	1,000,000	950,000
Mr Stephen Quantrill (appointed 13 February 2015)	\$ -	\$45,000	-	750,000

Notes:

1. These Shares arise from the relevant Director's participation in the issue of Convertible Notes, the terms and conditions of which are set out in Section 13.4.
2. To be issued on the terms and conditions as set out in Section 13.3. The Performance Shares are to be issued to the Directors as an incentive payment to align the interests of the management team of the Company with the future growth of the business, as follows:

	Class A Performance Shares	Class B Performance Shares	Class C Performance Shares	Class D Performance Shares	Class E Performance Shares
Mr Brian Leedman	250,000	250,000	250,000	250,000	250,000
Mr Matthew Liddelow	200,000	150,000	150,000	150,000	150,000
Dr Anton Uvarov	350,000	150,000	150,000	150,000	150,000
Mr Stephen Quantrill	150,000	150,000	150,000	150,000	150,000

3. *Mr Liddelow's remuneration is currently \$120,000 per annum and will increase to \$180,000 per annum following the Company being admitted to the Official List of the ASX. This assumes that the Company is admitted to the Official List on 1 July 2018. Prior to 1 February 2018, Mr Liddelow had been appointed as a consultant for the period commencing 1 July 2016, during which time his remuneration was \$120,000 per annum.*
4. *For the period from 1 August 2017 to the date of listing, Mr Uvarov accrues fees at \$5,000 per month, which shall be satisfied through an issue of Shares at a deemed issue price of \$0.20 per Share immediately prior to the Company being admitted to the Official List. This assumes that the Company is admitted to the Official List on 1 July 2018, which would result in an additional 275,000 Shares being issued to Mr Uvarov. Mr Uvarov's remuneration following the Company's admission to the Official List will be \$100,000 per annum.*

9.8 > Agreements with the Directors or Related Parties

The Company's policy in respect of related party arrangements is:

- a. a director with a material personal interest in a matter is required to give notice to the other directors before such a matter is considered by the Board; and
- b. for the Board to consider such a matter, the director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Executive and Non-Executive Agreements

The Company has entered into non-executive director appointment letters with Messrs Brian Leedman and Stephen Quantrill pursuant to which Messrs Leedman and Quantrill are appointed as Non-Executive Directors of the Company on the following terms:

- a. **(Fees):** Director fees are payable by the Company to each of Mr Leedman (\$100,000 per annum) and Mr Quantrill (\$45,000 per annum); and
- b. **(Term):** the term of Messrs Leedman and Mr Quantrill's appointments are subject to provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which Messrs Leedman or Quantrill are not re-elected as Directors by Shareholders.

The appointment letters otherwise contain terms and conditions that are considered standard for agreements of this nature.

The Company entered into employment agreements with Matthew Liddelow and Anton Uvarov. Refer to Sections 12.4 and 12.5 for summaries of the terms and conditions of these agreements.

Deeds of indemnity, insurance and access

The Company will enter into a deed of indemnity, insurance and access with each of the Directors. Under this deed, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

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10

RISK
FACTORS



NeuroScientific
BIOPHARMACEUTICALS

10.1 › Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in our Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

10.2 › Company specific

a. Technology Development & Commercialisation

There are many risks inherent in the development of biotechnology products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific, regulatory, and/or commercial reasons.

Before obtaining regulatory approval of a product for a target indication, substantial evidence must be gathered in controlled clinical trials and, with respect to approval in the USA, to the satisfaction of the FDA that the product candidate is safe and effective for use for that target indication. Similar satisfaction must be achieved from the relevant regulatory authorities in each country in which the product may be made available. The Company cannot guarantee that the proposed development work will result in an efficacious drug, or even if they do, that the drug will be approved by regulatory authorities.

Even where the Company is successful in terms of technical and regulatory approvals, there is no guarantee the Company will be successful in securing an appropriate licensing deal or achieving an alternative means of commercialising the technology.

b. Intellectual Property

The Company holds a licence over the Emtin peptides from UTASH. In the event of a breach of the licensing agreement, the Company's rights to develop the Emtin peptides may be lost.

There is also a risk that parties might knowingly or unknowingly infringe the Company's intellectual property rights in regard to its technology. There is also a risk that the Company infringes the intellectual property rights of third parties. Any such action as described in the foregoing may adversely affect the business, operating results, and financial condition of the Company. Moreover, there is no guarantee that the Company's patent claims will be found to be valid and enforceable or that it will be granted all its patent applications. The Company relies in part on protecting trade secrets and the protective measures employed may not always be sufficient. Failure in the measures implemented to protect the Company's intellectual property may result in an erosion of any potential competitive position.

c. Clinical Validation

A core component of the Company's strategy is the commercialisation and registration of its products. For the registration process, a phased series of successful clinical trials will be necessary for the Company to obtain regulatory approval for its products. Such trials can be expensive, time consuming, may be delayed or may fail. This may delay the market adoption and commercialisation rate of the Company's technologies.

d. **Manufacturing**

The Company's peptides have not yet been produced on a large scale. If the Company is unable to manufacture products in sufficient quantities or at an appropriate cost level, it may not be able to meet demand for its product which may adversely impact clinical trial and commercial sales of the product. The Company's products must meet regulatory requirements in order to be legally manufactured and failure by the Company to meet regulatory manufacturing requirements could result in delays in approval or registration.

e. **Dependencies on Service Providers**

The Company is dependent on contract service providers to perform many activities such as preclinical pharmacology, safety, and toxicology studies and manufacturing of the products. While these service providers are replaceable, the sourcing of effective replacements in a timely manner may have an adverse effect on the future financial performance of the business.

f. **Sufficiency of Funding**

Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of the Company's activities and potential research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and may involve substantial dilution to Shareholders.

In particular, the Company's current intention is to complete development of EmtinB to completion of Phase I under the IND process following which it plans to seek a large biopharmaceutical company to further progress the development of EmtinB. Even if the Company is able to complete Phase I, there is a risk that the Company will be unable to identify a willing counterparty to progress the development of EmtinB on commercially acceptable terms. If an appropriate partnership is not identified, the Company may need to raise significant funds to further progress development of its products to the stage of commercialisation, which funds cannot be guaranteed. Any further capital raised through equity may also be dilutive to Shareholders.

g. **Competition**

There is no assurance that competitors will not succeed in developing products that are more effective or economically viable than the products potentially manufactured or developed by the Company, or which would render the products obsolete or otherwise uncompetitive. In that case, the Company's revenues and profitability could be adversely affected.

10.3 › **Pharmaceutical Industry specific**

a. **Regulatory Environment**

Compliance with the regulation of diagnostic and therapeutic products in Australia, the United States of America, Europe, and other regions of major commercial value, can be time consuming and resource intensive. As such, there can be no assurance that any applications for regulatory approval for products developed by the Company will be successful, financially viable or timely.

b. R&D Tax Incentive

The Company intends to apply for the tax concessions on research and development expenditure under the Australian Federal Government's R&D Tax Incentive Scheme. The R&D Tax Incentive Scheme is government dependent and may change or be removed should governments be replaced or their policies alter.

While refunds from the R&D Tax Incentive Scheme would enhance the Company's funding position, the refunds are not necessary for the implementation of the plan outlined in this Prospectus.

c. Product Liability

The Company may not be able to procure and/or maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover potentially large claims, or the insurer could refuse coverage on claims.

d. Healthcare Insurers & Reimbursement

In both domestic and foreign markets, treatment volumes are likely to be influenced by the availability of amounts of reimbursements of patients' medical expenses by third party payer organisations including government agencies, private healthcare insurers and other health care payers. There is no assurance that reimbursements for any products or services developed and commercialised by NeuroScientific will be available to patients at all or without substantial delay. Even if such reimbursement is provided, the approved reimbursement amounts may not be sufficient to enable the product to be marketed on a profitable basis.

10.4 › General risks**a. Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research and development programmes, as well as on its ability to fund those programmes.

b. Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

c. **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

d. **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

e. **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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11

CORPORATE
GOVERNANCE



NeuroScientific
BIOPHARMACEUTICALS

11.1 › ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, our Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.neuroscientific.com).

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- a. maintain and increase Shareholder value;
- b. ensure a prudential and ethical basis for the Company's conduct and activities; and
- c. ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- a. developing initiatives for profit and asset growth;
- b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- c. acting on behalf of, and being accountable to, the Shareholders; and
- d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

The composition of the Board is reviewed regularly to ensure that the appropriate mix of skill and expertise is present to facilitate successful strategic direction.

Where practical, the majority of the Board is to be comprised of Non-Executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationships, which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers, has been committed to by the Board.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision-making process.

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The current amount has been set at an amount not to exceed \$360,000.00 per annum.

In addition, a director may be paid fees or other amounts (ie subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

11.2 › Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the Official List.

12

**MATERIAL
CONTRACTS**



NeuroScientific
BIOPHARMACEUTICALS

12.1 > Licence Agreement with University of Tasmania

On 12 May 2016, NeuroScientific entered an exclusive licence agreement with UTAS Holdings Pty Ltd (**UTASH**) for the exclusive development and commercialisation rights for the intellectual property in relation to the Emtin peptide technology (please see Section 8.9) (**Exclusive Licence Agreement**). The licence granted to NeuroScientific is an exclusive, worldwide, transferable and sub-licensable licence (**Licence**).

In consideration for the Licence, NeuroScientific is obligated to:

- a. pay UTASH \$10,000 within 14 business days from the commencement of the Exclusive Licence Agreement dated 12 May 2016 (paid 21 May 2016);
- b. pay UTASH \$15,000 within 14 business days from the completion of the initial capital raising of \$1,000,000 (paid 28 April 2017);
- c. issue UTASH ordinary shares to the total value of \$1,000,000, payable across five tranches and aligned with the completion of specific development milestones:
 - i. upon the commencement of the Exclusive Licence Agreement, issue Shares to the value of \$50,000 at a deemed issue price of \$0.05 per Share (333,333 Shares were issued on 30 June 2016);
 - ii. upon completion of at least \$1,000,000 in fundraising (**Initial Capital Raising**), issue Shares to the value of \$350,000 at a deemed issue price of \$0.067 (1,741,294 Shares were issued on 28 April 2017);
 - iii. upon successful commencement of preclinical pharmacology, safety and toxicity studies, issue Shares to the value of \$150,000 at the same price per share as the most recent capital raise (**Consideration Milestone 1**) (746,269 Shares were issued on 18 December 2017);
 - iv. upon completion of the additional animal efficacy study, issue ordinary shares to the value of \$200,000 at the same price per share as the most recent capital raise (**Consideration Milestone 2**); and
 - v. upon submission of IND or similar, issue ordinary shares to the value of \$250,000 at the same price per share as the most recent capital raise (**Consideration Milestone 3**);
- d. pay to UTASH a royalty, based on the operating profit received from the sale, disposal or licensing of the right to manufacture, sell or otherwise dispose of products that are subject of the Exclusive Licence Agreement.

Either Party may terminate the Exclusive Licence Agreement by giving the other party not less than 10 business days' written notice if:

- a. the Initial Capital Raising of \$1,000,000 has not been completed by 31 May 2017 (which has been satisfied);
- b. the other party commits a material breach of its obligations under the Exclusive Licence Agreement and that material breach cannot be remedied;
- c. the other party commits a material breach of its obligations and fails to remedy that breach within 20 business days of receiving notice from the other party of that breach requesting that the breach be remedied; or
- d. the other party becomes subject to an insolvency event.

The Exclusive Licence Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

12.2 › Research and Development Contracts

a. **VivoPharm**

Vivopharm Pty Ltd (**VivoPharm**) performs good laboratory practice (**GLP**) and non-GLP preclinical pharmacology, safety, and toxicology studies for NeuroScientific. VivoPharm are a contract research organisation and are engaged on a project specific basis.

b. **Proteomics International Ltd**

Proteomics International Ltd (**Proteomics**) provide analytical services in regards to the preclinical studies undertaken by NeuroScientific. Proteomics are a contract research organisation specialising in the analysis of proteins and operate from state-of-the art facilities at the Harry Perkins Institute of Medical Research in Western Australia. NeuroScientific engage Proteomics on a project specific basis.

12.3 › Agreement with Lead Manager

NeuroScientific Biopharmaceuticals entered a mandate agreement with Westar Capital on 23 November 2017 (**Mandate**) under which it engaged the Lead Manager to undertake a range of services including management of the Public Offer. The material terms and conditions of the Mandate are set out below:

a. **Fees:** The Company will pay Westar Capital:

- i. a management fee equal to 2.0% of the total amount raised under the Public Offer;
- ii. a brokerage fee of 4.0% of the total amount raised under the Public Offer (which shall exclude any Shares taken up by McRae Investments Pty Ltd, which currently intends to take up \$2,000,000); and
- iii. a corporate advisory fee \$5,000 per month for a period of 12 months, from the date of which the Company entered the Mandate.

b. **Options:** The Company also agreed to issue 36,000,000 Options to persons who assisted with the capital raising undertaken through the issue of Convertible Notes, with Westar Capital and its associates currently holding 82,000 Convertible Notes and 8,525,000 Existing Options.

c. **First Right of Refusal:** For a period of 12 months from the date of the Mandate, Westar Capital will be given a first right of refusal for future capital raisings conducted by the Company.

d. **Reimbursement of Expenses:** The Company has agreed to reimburse Westar Capital for reasonable out of pocket expenses directly related to its engagement.

e. **Termination by the Company:** The Mandate may be terminated by the Company at any time before the issue of Shares under the Public Offer in the event of material breach that has not been remedied within 10 days of receipt of notice or on a no-fault basis with 10 business days' notice, provided that Westar Capital will be given an opportunity to rectify any relevant circumstances if the Mandate is terminated due to the Company being dissatisfied with the quality of Westar Capital's services.

- f. **Termination by Westar Capital:** Westar Capital may terminate the Mandate at any time on the occurrence of certain events including:
- i. adverse market conditions that are not conducive to successful completion of the Mandate;
 - ii. misleading representations by the Company; or
 - iii. default by the Company of the material terms of the Mandate.
- g. **Termination Payment:** In the event the Company terminates the Mandate, or Westar Capital terminates the Mandate for cause, Westar Capital will be entitled to:
- i. the reimbursement of any reasonable expenses; and
 - ii. a termination fee of \$7,500 plus GST, if the Mandate is terminated before completion of the Public Offer.

The Mandate otherwise contains terms and conditions that are considered standard for an agreement of this nature.

12.4 › Employment Agreement – Matthew Liddelow

On 1 February 2018, the Company and Mr Matthew Liddelow entered into an employment agreement pursuant to which Mr Liddelow is employed as the Company's Chief Executive Officer and Managing Director (**Employment Agreement**). Mr Liddelow's employment commenced on 1 February 2018 (**Commencement Date**) and shall continue on a permanent basis, unless earlier terminated in accordance with the provisions of the Employment Agreement (**Term**).

- a. **Remuneration:** As full compensation for all services provided and duties performed by Mr Liddelow (inclusive of services as an officer and member of the Board and the Company's subsidiaries), Mr Liddelow is entitled to receive:
- i) with effect from 1 February 2018, an annual salary in the amount of \$120,000 (**Initial Salary**); and
 - ii) with effect from the date of the Company being admitted to the Official List, the Initial Salary shall be increased to an annual salary in the amount of \$180,000 (**Salary**).

All Initial Salary and Salary are calculated pre-tax and include the cost of providing any fringe benefits to Mr Liddelow.

- b. **Discretionary Bonuses:** Mr Liddelow is eligible to receive an annual variable discretionary performance based award as determined by the Company.

- c. **Termination:** The Employment Agreement can be terminated in the following circumstances:
- i. by either party upon giving 30 days' notice;
 - ii. by the Company without notice if at any time Mr Liddelow:
 - a. commits any act of serious misconduct;
 - b. fundamentally breaches any of the material terms of the Employment Agreement;
 - c. is charged with any criminal offence which, in the reasonable opinion of the Company may embarrass or bring Mr Liddelow or any related company into disrepute; or
 - d. wilfully refuses to follow a lawful and reasonable direction or repeatedly and materially fails to perform his duties to the standard reasonably required by the Company.
- d. **Effect of Termination:** Upon termination, the Company may:
- i. require Mr Liddelow to perform duties other than his usual duties for all or part of the notice period;
 - ii. direct Mr Liddelow not to perform any duties and require Mr Liddelow to not attend the Company's premises for all or part of the notice period. If this is the case Mr Liddelow would continue to be an employee of the Company, bound by the Employment Agreement and would not be able to be employed, directly or indirectly, by any third party or prepare to compete with the Company; and
 - iii. tender remuneration in lieu of all or part of the notice period, in which case Mr Liddelow's employment will cease immediately and Mr Liddelow will not be entitled to any other payment on termination, other than accrued but outstanding statutory entitlements.

The Employment Agreement contains non-solicitation, intellectual property and confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

12.5 › Letter of Appointment and Services Agreement – Dr Anton Uvarov

On 3 May 2018, the Company and Dr Anton Uvarov entered into a terms letter pursuant to which Dr Uvarov is appointed as a Director (**Letter of Appointment**).

In consideration for his role as a Director, Dr Uvarov is entitled to receive:

- a. for the period commencing 1 August 2017 until the Company listing on the ASX, \$5,000 per month to be satisfied through the issue of Shares at listing at a deemed issue price of \$0.20 per Share (**Initial Salary**);
- b. with effect from listing on the ASX, Mr Uvarov's salary will be payable under a separate services agreement; and
- c. in addition to the Shares issued to Dr Uvarov as the Initial Salary, the Company will issue Dr Uvarov 950,000 Performance Shares.

Dr Uvarov's appointment as a Director can be terminated in accordance with the Constitution and the Corporations Act.

The Letter of Appointment contains confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

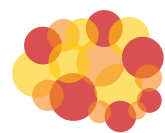
On 1 May 2018, the Company and Mr Uvarov also entered into an employment agreement pursuant to which Mr Uvarov will be employed as an Executive Director (**Employment Agreement**) commencing on the date of the Company's listing on ASX (**Commencement Date**) and shall continue on a permanent basis, unless earlier terminated in accordance with the provisions of the Employment Agreement (**Term**).

- a. **Remuneration:** On and from the Commencement Date, Mr Uvarov will be paid a salary of \$100,000 per annum calculated pre-tax and including the cost of providing any fringe benefits to Mr Uvarov.
- b. **Discretionary Bonuses:** Mr Uvarov is eligible to receive an annual variable discretionary performance based award as determined by the Company.
- c. **Termination:** The Employment Agreement can be terminated in the following circumstances:
 - i) by either party upon giving 30 days' notice;
 - ii) by the Company without notice if at any time Mr Uvarov:
 - a. commits any act of serious misconduct;
 - b. fundamentally breaches any of the material terms of the Employment Agreement;
 - c. is charged with any criminal offence which, in the reasonable opinion of the Company may embarrass or bring Mr Uvarov or any related company into disrepute; or
 - d. wilfully refuses to follow a lawful and reasonable direction or repeatedly and materially fails to perform his duties to the standard reasonably required by the Company.
- d. **Effect of Termination:** Upon termination, the Company may:
 - i. require Mr Uvarov to perform duties other than his usual duties for all or part of the notice period;
 - ii. direct Mr Uvarov not to perform any duties and require Mr Uvarov to not attend the Company's premises for all or part of the notice period. If this is the case Mr Uvarov would continue to be an employee of the Company, bound by the Employment Agreement and would not be able to be employed, directly or indirectly, by any third party or prepare to compete with the Company; and
 - iii. tender remuneration in lieu of all or part of the notice period, in which case Mr Uvarov's employment will cease immediately and Mr Uvarov will not be entitled to any other payment on termination, other than accrued but outstanding statutory entitlements.

The Employment Agreement contains non-solicitation, intellectual property and confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

13

ADDITIONAL
INFORMATION



NeuroScientific
BIOPHARMACEUTICALS

13.1 › Litigation

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

13.2 › Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

a. General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

b. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

c. Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

d. **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

e. **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

f. **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

g. **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

h. **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

13.3 › Rights attaching to Performance Shares

The terms and conditions of the Performance Shares are subject to ASX confirming that the terms are consistent with ASX Listing Rules 6.1 and 6.2. The anticipated terms and conditions of the Performance Shares as follows:

Rights Attaching to Performance Shares

a. **Performance Shares**

Each Performance Share is a share in the capital of the Company.

b. **General Meetings**

Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

c. **No Voting Rights**

A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

d. **No Dividend Rights**

A Performance Share does not entitle the Holder to any dividends.

e. **No Right to Return of Capital**

A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

f. **Rights on Winding Up**

A Performance Share does not entitle the Holder to participate in the surplus of profits or assets of the Company upon winding up.

g. **Non-Transferable**

A Performance Share is not transferable.

h. **Reorganisation of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

i. **Application to ASX**

The Performance Shares will not be quoted on the ASX. However, if the Company is listed on the ASX at the time of conversion of the Performance Shares into Shares, the Company must within 10 business days apply for the official quotation of the Shares arising from the conversion on the ASX.

j. **Participation and Entitlements and Bonus Issues**

A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

k. **No Other Rights**

A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

l. **Conversion on Achievement of Milestone**

Subject to paragraph (m), a Performance Share in the relevant class will convert into one Share upon achievement of:

- i. **Class A Performance Shares:** the Class A Performance Shares will each convert into one (1) Share immediately prior to the Company being admitted to the official list of the ASX;
- ii. **Class B Performance Shares:** the Class B Performance Shares will each convert into one (1) Share upon the Company achieving a volume weighted average price of Shares traded on the ASX over 20 consecutive days of not less than \$0.40 on or before the date that is 2 years from the date the Company is admitted to the official list of the ASX;
- iii. **Class C Performance Shares:** the Class C Performance Shares will each convert into one (1) Share upon the Company being awarded the US FDA Investigational New Drug (**IND**) status (or the EU EMA equivalent) in relation to EmtinB on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX;
- iv. **Class D Performance Shares:** the Class D Performance Shares will each convert into one (1) Share upon the Company completing the recruitment of the first patient for the Phase IA clinical trial of EmtinB based products on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX; and
- v. **Class E Performance Shares:** the Class E Performance Shares will each convert into one (1) Share upon the Company achieving a volume weighted average price of Shares traded on the ASX over 20 consecutive days of not less than \$0.80 on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX,

(each, a **Milestone**).

m. **Conversion on a Change of Control**

Subject to paragraph 2.3 and notwithstanding a relevant Milestone has not been satisfied, upon the occurrence of either:

- i. a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- ii. a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

each Performance Share shall automatically convert into one Share, provided that if the Company is listed on ASX at the time and the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Shares that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

n. **Deferral of Conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Share would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

- i. Holders may give written notification of the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- ii. The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide written notice referred to in paragraph 2.2(a) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

o. **Expiry of Performance Shares**

Each Performance Share shall expire on the date set out in clause (l) with respect to each class of Performance Share or if no date is specified then 2 years from the date of issue of the Performance Shares (**Expiry Date**). If the relevant Milestone attached to a Performance Share has not been achieved by the Expiry Date all unconverted Performance Shares of the relevant class will automatically convert into one (1) Share.

p. **Conversion Procedure**

The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 business days following the conversion.

q. **Ranking Upon Conversion**

The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

13.4 › Terms of Convertible Notes

- a. **Face Value:** Each Convertible Note shall have a face value of \$1.00.
 - b. **Acknowledgment of indebtedness:** The Company acknowledges that at all times before the Convertible Note is converted into Shares, the Company will be indebted to the holder to the extent of the subscription sum paid by the holder (**Subscription Sum**).
 - c. **Note is unlisted:** The Company does not intend to list the Convertible Notes for quotation on ASX and it is not obliged to do so.
 - d. **Voting Rights:** The Convertible Notes shall not provide for any voting rights at Shareholder meetings of the Company.
 - e. **Transfer:** The holder shall be permitted to transfer all or a proportion of the Convertible Notes on the condition that the holder procures that the assignee of the Convertible Notes agrees to be bound by the terms and conditions applicable to the Convertible Notes.
 - f. **Interest:** The Convertible Notes are interest free.
 - g. **Conversion of convertible notes:** The Subscription Sum shall automatically convert into Shares at a deemed issue price of \$0.04 per Share on the earlier of:
 - i. a date no later than 5 business days following the receipt by the Company of conditional approval to be admitted to the Official List (and those conditions being to the reasonable satisfaction of the holder and the Company);
 - ii. 6 months from the date of issue of the Convertible Notes; and
 - iii. 30 June 2018.
 - h. **Satisfaction of Company's obligations:** The conversion of the Convertible Notes into Shares, operates in satisfaction of the Company's obligation to the holder in respect of the Subscription Sum on the Convertible Notes so converted.
-

13.5 › Terms of Entitlement Options and Existing Options

The terms and conditions of the Entitlement Options and the Existing Options are as follows:

a. **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

b. **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**)

c. **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 7 March 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

d. **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

e. **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

f. **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

g. **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- i. issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- ii. if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- iii. if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under g.ii. for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

h. **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

i. **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

j. **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

k. **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

l. **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

13.6 > Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with:
 - i. its formation or promotion; or
 - ii. the Offers; or
- c. the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- a. as an inducement to become, or to qualify as, a Director; or
- b. for services provided in connection with:
 - i. the formation or promotion of the Company; or
 - ii. the Offers.

13.7 > Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- a. person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- b. promoter of the Company; or

- c. underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with:
 - i. its formation or promotion; or
 - ii. the Offers; or
- c. the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- d. the formation or promotion of the Company; or
- e. the Offers.

O'Sullivan's Patent & Trademark Attorneys has acted as Patent Attorney and has prepared the Intellectual Property Report which is included in Annexure A of this Prospectus. The Company estimates it will pay O'Sullivan's Patent & Trademark Attorneys a total of \$2,000.00 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, O'Sullivan's Patent & Trademark Attorneys has received fees of \$40,018.23 from the Company.

RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay RSM Corporate Australia Pty Ltd a total of \$9,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Corporate Australia Pty Ltd has received no fees of from the Company.

Westar Capital Ltd has acted as the lead manager to the Company in relation to the Public Offer. The Company estimates it will pay Westar Capital Ltd up to \$300,000.00 on a minimum subscription and up to \$360,000.00 on a maximum subscription (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Westar Capital Ltd has received fees of \$30,000.00 (excluding GST) from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$75,000.00 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees of \$52,838.39 from the Company.

RSM Australia Partners has acted as auditor of the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Australia Partners has received \$24,750.00 in fees from the Company for services provided to the Company.

13.8 › Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- b. in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

O'Sullivan Patent & Trademark Attorneys has given its written consent to being named as the Patent Attorney in this Prospectus, the inclusion of the Intellectual Property Report in Annexure A of this Prospectus in the form and context in which the report is included. O'Sullivan Patent & Trademark Attorneys has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Corporate Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Annexure B of this Prospectus in the form and context in which the information and report is included. RSM Corporate Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Australia Partners has given its written consent to being named as Auditor in this Prospectus and the inclusion of the audited financial information of the Company set out in Annexure A in the form and context in which it is included. RSM Australia Partners has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Westar Capital Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Westar Capital Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automatic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus. Automatic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

13.9 > Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately \$500,400 for minimum subscription or \$560,400 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Full Subscription (\$)
ASIC fees	2,400	2,400
ASX fees	80,000	80,000
Broker Commissions *	300,000	360,000
Legal Fees	75,000	75,000
Patent Attorney's Fees	2,000	2,000
Investigating Accountant's Fees	9,000	9,000
Printing and Distribution	2,000	2,000
Miscellaneous	30,000	30,000
TOTAL	500,400	560,400

* Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 12.3 of this Prospectus for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Public Offer will be reduced and the additional funds will be put towards working capital.

13.10 > Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.11 › Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.neuroscientific.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.12 › Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.13 › Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

13.14 › Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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DIRECTOR'S
AUTHORISATION



NeuroScientific
BIOPHARMACEUTICALS

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Brian Leedman
Non-Executive Chairman
For and on behalf of
NeuroScientific Biopharmaceuticals Ltd

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**GLOSSARY &
TECHNICAL
TERMS**



NeuroScientific
BIOPHARMACEUTICALS

15.1 › Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Application Form means an application form attached to or accompanying this Prospectus relating to an Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offers as set out in the indicative timetable in the Investment Overview in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Company or **NeuroScientific** means NeuroScientific Biopharmaceuticals Ltd (ACN 102 832 995).

Constitution means the constitution of the Company.

Convertible Note means a note convertible into Shares on the terms and conditions set out in Section 13.4.

Convertible Note Offer means the offer of Shares to investors under the Convertible Note Agreement, as set out in Section 6.2 of the Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

EMA means the European Medicines Agency.

Entitlement Option or **Existing Option** means an Option exercisable at \$0.20 each on or before 7 March 2021 and otherwise issued on the terms and conditions set out in Section 13.5.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

FDA means the Food and Drug Administration of the USA.

Lead Manager or **Westar Capital** means Westar Capital Limited (ACN 009 372 838) (AFSL: 255 789).

Offers means the Public Offer and Convertible Note Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Option Entitlement Issue means an entitlement issue pursuant to which the Company proposes to offer two (2) Entitlement Options for every five (5) Shares held at the record date, which is proposed to be undertaken by the Company following it being admitted to the Official List of the ASX.

Optionholder means a holder of an Option.

Performance Shares is a share in the capital of the Company awarded to Directors, employees or key consultants of the Company that will convert into Shares on satisfactory delivery of performance hurdles, issued on the terms and conditions set out in Section 13.3.

Prospectus means this prospectus.

Public Offer means the public offer of Shares pursuant to this Prospectus as set out in Section 6.1 of this Prospectus.

Section means a section of this Prospectus.

Security means a security issued or to be issued in the capital of the Company, including a Share, Performance Share or an Option.

Securityholder means a holder of a Security.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

15.2 › Technical Terms

Term	Description
Acquired brain injury	Damage to the brain not related to congenital or degenerative disease.
Amyloid plaques	Extracellular deposits found in the brains of Alzheimer's patients.
Beta-amyloid	Peptides that are the main component of amyloid plaques found in the brains of Alzheimer's patients.
Beta-amyloid monomer	A pre-plaque state of the beta-amyloid peptide.
Beta-amyloid oligomer	A transition state of the beta-amyloid peptide, between monomer and fibril species.
Blood Brain Barrier	A highly selective biological barrier that regulates the flow of substance into and out of the central nervous system.
CREB	Cyclic adenosine monophosphate (cAMP) response element binding protein; regulates gene expression processes that promote cell survival.
ERK	Extracellular signal-regulated kinase are signalling molecules that regulate the differentiation and survival of neurons.
Fibrillary beta-amyloid	A component of amyloid plaques.
GLP	Good Laboratory Practice; global, standardised guidelines for laboratories conducting non-clinical studies.
GMP	Good Manufacturing Practice; global, standardised manufacturing guidelines for human products.
In-vitro	Studies conducted in an artificial environment outside of a living organism.
In-vivo	Studies conducted in a living organism, usually animals or humans.
LDLR	Low-density lipoprotein receptors are a family of signalling proteins that are activated through the binding of a specific ligand.
LRP-1	Low-density lipoprotein receptor-related protein-1, is a receptor found in the plasma membrane of cells.
Metallothionein	A class of naturally occurring proteins that exist in 4 isoforms (MTI to MTIV).

Term	Description
Neurodegenerative Disease	The progressive loss of structure and function of neurons.
Neurological Disorder	A disorder of the central and peripheral nervous systems.
Neuroprotective	A molecule or agent that prevents damage to neurons.
Neuroregeneration	The regrowth or repair of nervous tissue.
Neurotoxicity	Toxicity of the nervous system.
Peptide	Short chains of amino acids, typically composed of 50 amino acids or less.
Peptide Candidate	A peptide with promising pharmacological properties.
Pharmacology	Studies that seek to understand the effect of a molecule on the human body.
PKB/Akt	Protein kinase-B; a signalling molecule that is positively involved in cellular survival pathways.
Preclinical Studies	Laboratory and animal studies to understand the safety and initial effectiveness of an experimental drug to treat the target disease, and the drug's mechanism of action.
Phase I Human Clinical Trial	Testing of an experimental drug or treatment in a small group of people for the first time to evaluate its safety, determine a safe dosage range, and identify side effects.
Phase II Human Clinical Trial	Testing of an experimental drug or treatment in a larger group of people to see if it is effective and to further evaluate its safety.
Phase III Human Clinical Trial	Testing of an experimental drug or treatment in large groups of people to confirm its effectiveness, monitor side effects, compare it to commonly used treatments, and collect information that will allow the drug or treatment to be used safely; this is the final phase of testing prior to application for registration.
R&D	Research and development; investigative activities to improve existing products and procedures or to lead to the development of new products and procedures.

Term	Description
Regulatory Approval	The analysis of the safety and effectiveness of a drug by a government-based agency, such as the FDA in USA.
Therapeutic	A treatment, therapy, or drug.
Therapeutic Indication	A valid purpose for which a drug can be used.
Therapeutic Peptide	A peptide that can be used to treat a disease or condition.
Toxicology	The study of the potential adverse effects of a molecule in a living organism.

ANNEXURE A

INTELLECTUAL PROPERTY REPORT



By Email Only (ml@neuroscientific.com)

Our Ref: GI022AU00

3 May 2018

NeuroScientific Biopharmaceuticals Ltd
Level 1
45 Stirling Hwy
Nedlands WA 6009

Attention: Mr Matthew Liddelow

Dear Mr Liddelow

Patent Attorney Report

1. Introduction

We have been instructed by NeuroScientific Biopharmaceuticals Ltd (“NSB”) to prepare this report for inclusion in their prospectus. Specifically, we have been asked by NSB to provide an overview of the intellectual property (“IP”) owned or licensed by NSB and to detail the status and scope of patent matters in the patent portfolio referred to in this report. This information and data in this report is current as at the date of this letter unless stated otherwise herein.

The remarks provided herein are intended to provide a general overview to aid in understanding the subject matter and scope of the IP owned or licensed by NSB. No legal opinion or advice is intended or offered here.

2. Executive Summary

Appendix B to this report identifies the patents and patent applications licensed by NSB from UTAS Holdings Pty Ltd (UTAS) that consist of a single patent family (Patent Family I).

Patent Family¹ I includes two US patents, a US application and three granted European patents that have been validated in a number of European countries.

The patent family claims a range of peptides based on human metallothionein, known as Emtins, with one or more purported activities including stimulating neurite outgrowth, neural cell survival, neuronal cell differentiation and/or neural plasticity associated with learning and memory and/or inhibits inflammation. The claims extend to methods of treatment of a range of diseases using the peptides, antibodies and compositions based on the peptides and detection methods and assays.

Appendices C-E to this report identify the patents and patent applications listing NSB as owner that consist of three patent families (Patent Families 2-4).

¹ Reference is made herein to a “Patent Family” that is a set of either patent applications or patents that claim an invention or inventions that share at least one common priority date. A first application is made in one country to establish a priority date – the priority application – and is then extended to other offices/countries to form the Patent Family. Note that it is common for members of a patent family to have differing claims in terms of format and/or scope.

Patent Family 2 consists of a single granted Australian patent that claims methods of identifying peptides with potential activity in treating Alzheimer's Disease and other related diseases, peptides (Met-Thr-Met-Pro-Thr-Met; Pro-Leu-Pro-Gln-Met-Leu; and Thr-Asn-Pro-Asn-Arg-Arg-Asn-Arg-Thr-Pro-Gln-Met-Leu-Lys-Arg) and variants thereof for treating Alzheimer's Disease and other related diseases.

Patent Family 3 consists of granted Australian and US patents and claims the 9-mer peptide Asn-Arg-Thr-Pro-Gln-Met-Leu-Lys-Arg and variants thereof as well as their use for treating a range of diseases and/or the aggregation of beta amyloid involving the use the peptides and other uses of the peptides.

Patent Family 4 consists of pending applications in Australia, Europe and USA and is directed to a beta amyloid modulating peptide: Arg-Lys-Leu-Met-Gln-Pro-Thr-Arg-Asn-Arg-Arg-Asn-Pro-Asn-Thr, where all the amino acids are D-amino acids and various uses thereof including methods of treatment of disease and methods of detecting beta amyloid.

3. Overview of Intellectual Property (IP) Protection

See Appendix A.

4. Patent Portfolio

4.1 Patent Family I – Metallothionein-derived peptides fragments

4.1.1 Introduction

Appendix B to this report identifies the five patents and one pending application in Patent Family I that are derived from International (Patent Co-operation Treaty (PCT)) patent application PCT/DK2007/00070 filed on 12 February 2007 that claims priority from Danish patent application DK20060000212 that was filed on 14 February 2006. O'Sullivan's is not engaged to provide services in connection with the patents and application in Patent Family I, other than the preparation of this report.

4.1.2 Summary of Patent Family I

Patent Family I describes and claims a range of peptides (termed "Emtins") derived from human metallothionein and variants thereof with altered amino acid sequences with purported properties including an ability to stimulate neurite outgrowth, neural cell survival, neural cell differentiation, and/or neural plasticity associated with learning and memory and/or inhibits inflammation.

4.1.3 Claim Scope of Patent Family I

(i) USA Patent 8,618,060

US patent 8,618,060 includes claims directed primarily to:

a) peptides having a length of 13 to 17 amino acids comprising:

- the amino acid sequence AQQSICKGASDKSS² (SEQ ID NO: 5); or
- a variant thereof having at least 65% sequence identity to SEQ ID NO: 5;

wherein the peptide stimulates neurite outgrowth, neural cell survival, neural cell differentiation, and/or neural plasticity associated with learning and memory and/or inhibits inflammation;

b) compounds, pharmaceutical compositions and kits comprising at least one of the peptides in a) above; and

c) pharmaceutical compositions comprising a peptide having a length of 13 to 20 amino acids comprising:

² This peptide is also referred to as "MTAcc" and "EmtinAc".

- the amino acid sequence AQSICKGASDKSS (SEQ ID NO: 5); or
- a variant thereof having at least 90% sequence identity to SEQ ID NO: 5;

wherein the peptide stimulates neurite outgrowth, neural cell survival, neural cell differentiation, and/or neural plasticity associated with learning and memory and/or inhibits inflammation.

(ii) USA Patent 9,518,089

US patent 9,518,089 is based on application 14/086233 that was a continuation of the application that granted as US patent 8,618,060 and includes claims directed primarily to:

- a) peptides consisting of up to 17 amino acids comprising:
- the amino acid sequence SAGSCKCKESKSTS³ (SEQ ID NO: 7); or
 - a variant thereof having at least 90% sequence identity to SEQ ID NO: 7;

wherein the peptides stimulate neurite outgrowth, neural cell survival, neural cell differentiation, and/or neural plasticity associated with learning and memory, and/or inhibit inflammation;

- b) compounds and pharmaceutical compositions comprising at least one of the peptides in a) above.

(iii) USA patent application 15/377,059 (20170226190)

This US application is a continuation of the application that granted as US patent 9,518,089 and reserves UTAS' right to pursue claims to other Emtin peptides described in the application but not claimed in the granted US patents above. The application is yet to be examined and there is scope to amend the claims to define any subject matter that is described and supported in the application.

(iv) European Patent 1989228

European patent 1989228 includes claims directed primarily to:

- a) peptides having a length of 13 to 17 amino acids comprising:
- the amino acid sequence SAGSSKSKEKSTS⁴ (SEQ ID NO: 4);
 - the amino acid sequence SAGSCKCKESKSTS⁵ (SEQ ID NO: 7);
 - a variant thereof having at least 70% sequence identity to SEQ ID NO: 4 or 7; or consisting of
 - the amino acid sequence CTGSCKCKECKNS⁶ (SEQ ID NO: 51);

wherein the peptides stimulate neuronal cell differentiation, neurite outgrowth and/or neural cell survival;

- b) the peptides in a) above for use in the treatment of a range of conditions or diseases associated with nerve degeneration or damage, impaired muscle function, cancer, impaired learning or memory, mental diseases or disorders, alcohol consumption, prior disease or a sustained inflammatory response;
- c) use of the peptides in a) for producing antibodies;

³ This peptide is also referred to as "EmtinB" and "MTBcc"

⁴ This peptide is a variant of "EmtinB"

⁵ This peptide is also referred to as "EmtinB" and "MTBcc"

⁶ This peptide is a variant of "EmtinB"

- d) antibodies and fragments thereof capable of binding to peptides with amino acid sequences according to SEQ ID NO: 4, 7, 51 or 56;
- e) pharmaceutical compositions and kits comprising at least one of the peptides in a) above; and
- f) methods of detecting metallothionein in a sample using the abovementioned peptides, compounds or antibodies.

(v) European Patent 2412726

European patent 2412726 granted from an application that was divided from the application that granted as European patent 1989228 and includes claims directed primarily to:

- a) peptides having a length of 13 to 17 amino acids comprising:
 - the amino acid sequence AQGSISKGASDKSS⁷ (SEQ ID NO: 2);
 - the amino acid sequence AQGSICKGASDKSS⁸ (SEQ ID NO: 5);
 - a variant thereof having at least 60% sequence identity to SEQ ID NO: 2 or 5;wherein the peptides stimulate neuronal cell differentiation, neurite outgrowth and/or neural cell survival;
- b) the peptides in a) above consisting of SEQ ID NO: 23, 24, 25, 31, 34 or 36;
- c) the peptides in a) or b) above for use in the treatment of a range of conditions or diseases associated with nerve degeneration or damage, impaired muscle function, cancer, impaired learning or memory, mental diseases or disorders, alcohol consumption, prior disease or a sustained inflammatory response;
- d) use of the peptides in a)-c) above for producing antibodies;
- e) antibodies and fragments thereof capable of binding to peptides with amino acid sequences according to SEQ ID NO: 2, 5, 23, 24, 25, 31, 34 or 36;
- f) pharmaceutical compositions comprising an antibody mentioned above;
- g) kits comprising a peptide or antibody mentioned above; and
- h) methods of detecting metallothionein in a sample using the abovementioned peptides, compounds or antibodies.

(vi) European Patent 2412727

European patent 2412727 granted from an application that was divided from the application that granted as European patent 1989228 and includes claims directed primarily to:

- a) peptides having a length of 13 to 17 amino acids comprising:
 - the amino acid sequence KKSSCSCSPVGSAAK⁹ (SEQ ID NO: 1); or
 - a variant thereof having at least 60% sequence identity to SEQ ID NO: 1;wherein the peptides bind to metallothionein protein;

⁷ This peptide is also referred to as "MTAc"

⁸ This peptide is also referred to as "EmtinAc" and "MTAcc"

⁹ This peptide is also referred to as "EmtinAn" and "MTAn"

- b) the peptides in a) above consisting of SEQ ID NO: 9, 10, 11, 12, 14 or 18;
- c) use of the peptides in a)-b) above for producing antibodies;
- d) antibodies and fragments thereof capable of binding to peptides with amino acid sequences according to SEQ ID NO: 1, 9, 10, 11, 12, 14 or 18;
- e) pharmaceutical compositions comprising an antibody mentioned above;
- f) methods of detecting metallothionein in a sample using the abovementioned peptides, compounds or antibodies; and
- g) kits comprising a peptide or antibody mentioned above.

4.1.4 Ownership

The patent office records in relation to the patents and application in Patent Family I list the University of Tasmania as owner. However, we are in possession of a copy of an executed assignment deed dated 11 December 2015 assigning rights to the inventions in Patent Family I from University of Tasmania to UTAS.

4.1.5 License to Alzhyme

The patents and applications in Patent Family I have been licensed exclusively by UTAS to NSB throughout the world for the purpose of developing and commercialising human therapeutics and to further develop the inventions described in Patent Family I and we are in possession of a copy of the fully executed license agreement, dated 12 May 2016, between the parties.

4.2 Patent Family 2 – Screening methods and the use of agents identified using the same

4.2.1 Introduction

Appendix C to this report identifies the Australian patent in Patent Family 2 that is derived from International (Patent Co-operation Treaty (PCT)) patent application PCT/AU2002/001754. O'Sullivan's is not engaged by NSB as its patent attorney to provide services in connection with the patent in Patent Family 2, other than the preparation of this report.

The patent in Patent Family 2 claims priority from Australian patent application PR9764 that was filed on 27 December 2001 and the patent office records list NSB as owner.

4.2.2 Summary of Patent Family 2

The Australian patent in this family describes methods of screening to identify peptides with potential activity in treating Alzheimer's Disease and other related disease, candidate peptides and variants of those peptides. The examples in the patent describe screening methods using human and rat beta amyloid and three particular candidate peptides.

4.2.3 Claim Scope of Patent Family 2

The subject matter claimed in Australian patent 2002351880 is summarized below:

- screening methods for isolating peptides for the treatment of a disease with a causative agent with SOD activity (such as Alzheimer's Disease) including the steps of contacting the candidate peptides with a first agent with SOD activity and/or copper binding activity (such as human beta amyloid) and being causative of the disease, isolating the bound peptides and then contacting the bound peptides with a second agent structurally related to the first agent but without SOD activity and/or copper activity (such as rat beta amyloid) and isolating the unbound peptides as candidate peptides;
- peptides comprising at least one of the following sequences;
 - Met-Thr-Met-Pro-Thr-Met
 - Pro-Leu-Pro-Gln-Met-Leu
 - Thr-Asn-Pro-Asn-Arg-Arg-Asn-Arg-Thr-Pro-Gln-Met-Leu-Lys-Arg

- functional variants of the peptides mentioned above, isolated using the claimed screening methods.
- non-peptide mimetics of the peptides mentioned above;
- polynucleotides encoding the peptides mentioned above;
- methods of using the peptides above to design a mimetic
- methods of treating diseases and/or the aggregation of beta amyloid involving the use the peptides mentioned above; and
- pharmaceutical preparations including the peptides mentioned above.

4.3 Patent Family 3 – Improved peptide composition

4.3.1 Introduction

Appendix D to this report identifies the Australian and US patents in Patent Family 3 that are derived from International (PCT) patent application PCT/AU2007/001767 filed on 15 November 2007 that claims priority from Australian application 2006906668 filed on 28 November 2006. O’Sullivan’s has been engaged by NSB as its patent attorney to provide services in connection with the filing and prosecution of the members of Patent Family 3.

The patent office records for the patents in Patent Family 3 list Alzhyme Pty Ltd (NSB’s former name) as owner.

4.3.2 Summary of Patent Family 3

The patents in this family describe:

- peptides for treating, preventing and diagnosing diseases with a causative agent with abnormal SOD activity (such as Alzheimer’s Disease);
- functional variants of the peptides;
- polynucleotides encoding the peptides;
- methods of treating a range of diseases and/or disrupting the aggregation of beta amyloid involving the use the peptides;
- pharmaceutical preparations including the peptides mentioned above.
- methods for detecting beta amyloid using the peptides.

The examples in the patents describe various *in vitro* and *in vivo* properties of a 15mer and a 9mer peptide including their ability to inhibit the action of beta amyloid, their stability and their pharmacokinetics. The examples also describe three exemplar analogs of the 9mer peptide.

4.3.3 Claim Scope of Patent Family 3

US patent 8,492,341 claims:

- a peptide capable of binding beta amyloid and disrupting its superoxide dismutase (SOD) activity and/or metal ion binding, and consisting of a peptide consisting of the amino acid sequence:
Asn-Arg-Thr-Pro-Gln-Met-Leu-Lys-Arg (SEQ ID NO:2);
- truncated versions of the above peptide of at least 7 contiguous amino acids;
- peptides of 5, 6, 7, 8, or 9 amino acids that are at least 70% identical to SEQ ID NO:2;
- variants of the above peptides including those comprising a water soluble polymer, a D amino acid, end protection or a label useful for imaging.

Australian patent 2007327546 claims:

- the subject matter claimed in US patent 8,492,341;
- a broader range of peptides and variants thereof;

- polynucleotides encoding the peptides mentioned above;
- pharmaceutical preparations including the peptides mentioned above.
- methods of treating a range of diseases and/or the aggregation of beta amyloid involving the use the peptides mentioned above;
- an Alzheimer's Disease monitoring system and detection methods employing the above peptides, suitably labeled

4.4 Patent Family 4 – AB Modulating Peptides

4.4.1 Introduction

Appendix E to this report identifies the three patent applications in Patent Family 4 that are based on International (PCT) application PCT/AU2014/050298 that claims priority from Australian provisional applications 2013904077 filed on 22 October 2013 and 2014901419 filed on 17 April 2014. O'Sullivan's has been engaged by NSB as its patent attorney to provide services in connection with the preparation, filing and prosecution of the patent application in Patent Family 4.

The patent office records for the applications in Patent Family 4 list Alzhyme Pty Ltd (NSB's former name) as the owner.

4.4.2 Summary of Patent Family 4

A brief description of the subject matter of Patent Family 4 is provided below. However, please note that each patent application that emanates from PCT/AU2014/050298 will be examined separately in each country and therefore the scope of any granted patents that issue may vary between jurisdictions.

The specification of International application PCT/AU2014/050298 describes:

- peptides for modulating beta amyloid;
- functional variants of the peptides;
- polynucleotides encoding the peptides;
- pharmaceutical preparations including the peptides mentioned above;
- methods of modulating beta amyloid aggregation, neurotoxicity and peripheral clearance;
- methods of treating amyloidosis such as Alzheimer's Disease;
- methods for detecting beta amyloid using the peptides.

The examples in the International application describe various *in vitro* and *in vivo* properties of several 15mer and a 9mer peptides including retro-inverso peptides and peptides including D amino acids, including their stability and their ability to inhibit the action of beta amyloid, beta amyloid aggregation, and their ability to clear beta amyloid from the peripheral circulation.

4.4.3 Claim Scope of Patent Family 4

The US patent application in this family, that is indicative of the claim scope being pursued, claims:

- a beta amyloid modulating peptide with the amino acid sequence: Arg-Lys-Leu-Met-Gln-Pro-Thr-Arg-Asn-Arg-Arg-Asn-Pro-Asn-Thr, where all the amino acids are D-amino acids;
- pharmaceutical compositions including the above peptide;
- methods of modulating beta amyloid aggregation, beta amyloid neurotoxicity and/or beta amyloid peripheral clearance using the above;
- methods of treating a subject suffering from amyloidosis (such as Alzheimer's Disease) using the above peptides;
- use of the above peptides for detecting beta amyloid in vivo and in vitro;

- use of the above peptides for diagnosing amyloidosis and/or detecting beta amyloid.

5. Patent Specific Risk Factors

See Appendix F.

6. Reliance on Information Provided

In preparing this report we have accessed and relied on information contained in publicly available databases relevant to the patent matters herein. We are not responsible for the accuracy of information available in public databases and we cannot guarantee the accuracy of these databases.

7. O'Sullivan's Interest

O'Sullivan's is engaged by Alzhyme for patent attorney services and we continue to act in relation to Patent Families 3 and 4 referred to herein.

Yours sincerely



MARTIN O'SULLIVAN
BSc (Hons), MBA, FIPTA
PRINCIPAL

Appendix A – Overview of Intellectual Property (IP) Protection

Intellectual property rights (IPRs) arise from legislation or the common law and include registered rights such as patents, trade marks, designs and plant breeders' rights and unregistrable rights such as copyright¹⁰, circuit layout rights, confidential information and trade secrets.

I. Patents

I.1 What is a Patent?

A patent:

- is a set of legally enforceable exclusive (monopoly) rights granted for a finite term (normally 20 years) by the government for an invention (e.g. a device, substance, method or process) that is new, inventive, and useful;
- provides exclusivity insofar as it provides the patent owner with the right to prevent others from commercially exploiting the patented invention; and
- is territorial, so rights are only secured in countries/regions where a patent exists.

Different countries have different laws about what constitutes patentable subject matter. Generally, most countries will not grant a patent for a mere discovery, scientific theory, mathematical method or a method for performing a mental act. Some countries also exclude commercial or business methods, naturally occurring substances and methods of medical treatment (as opposed to medical products).

There are a number of different types of patent applications. Most often, these can lead to a standard patent (maximum term 20 years¹¹) or a second tier patent, such as an innovation patent with a shorter term.

Two common grounds for refusing a patent application or invalidating a patent are:

- lack of novelty; and
- lack of inventive step (obviousness).

Broadly speaking an invention defined in a claim of a patent must be novel (new) in light of prior art information¹² available prior to the priority date of the claim. The priority date is normally the filing date of the first patent application describing the claimed subject matter. Novelty is established relative to the prior art when a claim includes at least one feature that is not disclosed in the prior art information.

In terms of obviousness (lack of inventive step) an invention defined in a claim of a patent must not be obvious to a skilled person, having regard to the state of the art in the technology area relevant to the invention at the priority date of the claim.

This is essentially a test that excludes inventions that only differ from the prior art in terms of features that would have been considered obvious to those skilled in the art when faced with the problem addressed by the invention at the priority date. The test for inventive step or "non-obviousness" varies from country to country and is often difficult to determine. However, it is important that considerations of inventive step are not made with the benefit of hindsight – as many inventions may appear obvious based on a hindsight analysis.

¹⁰ Registrable in some countries

¹¹ Patents for pharmaceuticals may be eligible for a longer term in some countries e.g. up to 25 years protection in Australia

¹² Most often comprises information made publicly available in a document or through doing an act anywhere in the world. Note that the prior art base generally includes the applicant's own publicly available documents and acts.

Amongst other requirements, patentable inventions also need to be industrially applicable insofar as they must be capable of being made or used in some kind of industry or commercial endeavor.

1.2 Patent Infringement

The owner of a granted patent has the exclusive right to stop others exploiting (e.g. making, selling, importing or otherwise using the patented invention) for the life of the patent.

Patent infringement occurs when someone exploits the patented invention, or a product made by a patented method, or offers to do these things, within the country or area covered by the patent without the permission of the patentee.

In some jurisdictions action(s) taken by someone ("Party A"), that lead directly to someone else ("Party B") infringing a patented invention may be taken as Party A infringing the patent even though they have not directly infringed. This "indirect" infringement by Party A is not present in the laws of all countries and where it is available the specific facts of each individual instance of indirect infringement will need to be closely considered to determine if a finding of patent infringement is likely.

1.3 Patent Validity

Grant of a patent does not guarantee validity. A granted patent may be challenged through the courts in revocation proceedings, or (in some countries, including Australia) challenged in administrative proceedings in the national Intellectual Property Office.

1.4 Freedom to Operate

The grant of a patent does not mean that the subject matter described or claimed in any resulting patent ("Invention A") can be exploited without infringing the rights of a third party who owns pre-existing, conflicting IP rights. The only way to assess freedom to operate with respect to third party IP rights, in the form of patents, is to search for current granted patents that include claims to an invention ("Third Party Inventions") that are incorporated in Invention A. Unless specifically addressed in detail in the body of this report, no meaningful conclusions in relation to freedom to operate can be reached.

1.5 Maintenance/Renewal Fees

In most countries, maintenance fees are payable over the life of a patent application and/or patent. The timing of maintenance fees varies between countries and can be annually, from filing or grant and/or less frequently.

Failure to timely pay maintenance fees will result in the patent (or application) lapsing. If any patent matter listed herein has an overdue maintenance fee we will identify this elsewhere in the body of this report.

1.6 Enforceability

Advances in technology may also render a patented invention obsolete and enable a competitor to compete effectively without infringing the patent.

Any patent applications referred to in the body of this report do not provide enforceable rights. However, if the applications proceed to grant, they will become enforceable. The status of the pending patent applications is indicated elsewhere in this report.

Enforcement is only available in a country where a patent has been granted. In a legal action brought by a patentee against an infringer, the infringer may defend the action by alleging that the patent has not been infringed and/or that the patent is invalid. In infringement proceedings the court decides the exact meaning and scope of the patent claims and then decides whether the product or method accused of infringing the patent falls within the interpreted scope of one or more patent claims. Thus, even though the claims are part of a granted patent, the exact scope of the patent monopoly is subject to definition by a court during infringement proceedings.

An alleged infringer may also defend the infringement proceedings by alleging that the patent was granted in error because one or more of the criteria for patentability was not met. For example, they may locate or be aware of new prior art that was not considered during the examination phase of the patent which arguably destroys the novelty or inventive step.

1.7 Ownership, Sale and License

Ownership of an invention generally commences with the inventor(s) but ownership can be transferred to another party, such as a company, by assignment or another legal agreement or contract such as an employment agreement. The laws of ownership and the proof necessary to establish ownership vary from country to country but typically an assignment document from one party to another is sufficient to establish ownership. If we have reviewed and/or made statements regarding ownership, based on any particular agreements, this will be explicitly mentioned herein.

Ownership can also be transferred by sale, in whole or in part, of the patent. Also, a right to exploit the invention can be licensed by the owner to others. Since a patent is property, transactions such as licenses, ownership transfers and the like are subject to general laws of contract and sale. If we have reviewed and/or made statements regarding licenses, based on any particular documentation, this will be explicitly mentioned herein.

2. International Conventions

2.1 Patent Cooperation Treaty (PCT)

The Patent Cooperation Treaty enables applicants to seek patent protection for an invention simultaneously in all PCT member countries/regions by filing an “International” or “PCT” patent application. An International patent application may be filed by anyone who is a national or resident of a PCT member.

The filing of a PCT application automatically designates all PCT contracting states (member countries). The effect of the International application in each designated state is the same as if a national patent application had been filed with the national Patent Office in that state.

The practical advantage of using the PCT, is that the effective lodgment date and associated fees for each of the designated countries can be deferred for up to 30 or 31 months from the earliest priority date claimed under the other main international patent convention (the Paris Convention).

International Search Report

International patent applications are subjected to an international search carried out by a major Patent Office who generates an international search report (“ISR”) which includes a listing of published documents that may affect the patentability of the claimed invention.

Written Opinion/International Preliminary Report on Patentability (IPRP)

In addition to the ISR, International patent applications are often the subject of a preliminary and non-binding, written opinion on whether the invention is patentable in light of the ISR.

2.2 European Patent Organisation (EPO)

The European Patent Organisation (EPO), provides for the granting of European patents, via a single examination procedure before the European Patent Office. A single patent application may be filed at the European Patent Office in one language and any resulting European patent can then be validated to establish a unitary right in one or more member countries¹³.

¹³ Current list of EPO member countries can be found at <http://www.epo.org/about-us/organisation/member-states.html>

2.3 National Patents

Whilst the PCT provides the mechanism for an International patent application, at present, there is no such thing as a global or worldwide patent. Thus, in order to obtain a patent for an invention in a given country, a national patent application must be lodged in each country/region of interest.

Most national/regional Patent Offices will conduct their own comprehensive search and examination to determine whether an application meets their requirements for patentability. This search and examination often result in objections being raised and responses being prepared and filed. In the event that an objection cannot be overcome, the application will be refused. However, in most cases amendments to the claims and/or providing written submissions overcomes the objections.

3. General Overview of the Patenting Process

The most common first step towards securing a patent is to file a provisional patent application that establishes the earliest possible date that the patentability of a claim to the invention can be assessed. The provisional application has a life of 12 months and during that time it is common for the invention to be further developed before filing a complete application.

To maintain the priority date established by a provisional application, a complete patent application must be filed before the expiry (12 months) of the provisional application. Where patent protection is sought in a number of countries and/or it is desirable to reduce the patent application costs (in the short term), it is common to file a PCT application pursuant to the Patent Cooperation Treaty (see above).

After the international phase of the PCT application (see above), the “national phase” (or “regional phase” in the case of the Europe and other regional patent offices), is entered in the countries/regions of interest. The application then proceeds to examination before each national/regional Patent Office to determine whether the application meets the national/regional requirements for patentability.

Note that the PCT application process is not essential but it is by far the most common approach taken to securing international patent rights. Instead of the PCT a patent applicant can proceed directly with national/regional applications in the countries of interest on or before the end of the 12 month anniversary of the provisional patent application filing date. This approach is required to secure patents in countries that are not members of the PCT.

Appendix B – Patent Family I: Metallothionein-derived peptide fragments

Owner¹⁴: UTAS Holdings Pty Ltd Title: “Metallothionein-derived peptide fragments” Derived from International Patent Application PCT/DK2007/00070			
Country/Region	Number	Status ¹⁵	Effective Filing Date ¹⁶ /Expiry Date ¹⁷
USA	8,618,060	Granted	12 February 2007/ 11 December 2028 ¹⁸)
USA (continuation of 8,618,060)	9,518,089	Granted	12 February 2007/ 15 April 2027 ¹⁹)
USA (continuation of 2014179614)	20170226190	Pending	12 February 2007/ Not yet granted
Europe	1989228	Granted – Validated/active in <ul style="list-style-type: none"> • Belgium • France • Germany • Italy • Ireland • Netherlands • Sweden • Switzerland • United Kingdom 	12 February 2007/ 11 February 2027
Europe (divisional of 1989228)	2412726	Granted – Validated/active in all countries listed above for 1989228.	12 February 2007/ 11 February 2027
Europe (divisional of 1989228)	2412727	Granted – Validated/active in all countries listed above for 1989228.	12 February 2007/ 11 February 2027

¹⁴ Owner listed on official records is University of Tasmania but we are in receipt of a deed of assignment in favour of UTAS Holdings Pty Ltd

¹⁵ Status correct as at 19 April 2018

¹⁶ Filing date of International patent application PCT/DK2007/00070

¹⁷ Assumes all renewals are paid when due

¹⁸ This includes the additional patent term added by the USPTO due to delays during the application phase.

¹⁹ This includes the additional patent term added by the USPTO due to delays during the application phase.

Appendix C – Patent Family 2: Screening methods and the use of agents identified using the same

Owner: NeuroScientific Biopharmaceuticals Pty Ltd			
“Screening methods and the use of agents identified using the same”			
Derived from International Patent Application PCT/AU2002/001754			
Country	Number	Status²⁰	Filing Date²¹/Expiry Date²²
Australia	2002351880	Granted	30 December 2002 / 30 December 2022

²⁰ Status correct as at 19 April 2018

²¹ Filing date of International patent application PCT/AU2007/001767

²² Assumes all renewals are paid when due.

Appendix D – Patent Family 3: Improved peptide composition

Owner: NeuroScientific Biopharmaceuticals Pty Ltd²³			
“Improved peptide composition”			
Derived from International Patent Application PCT/AU2007/001767			
Country	Number	Status²⁴	Filing Date²⁵/Expiry Date²⁶
Australia	2007327546	Granted patent	15 November 2007/ 15 November 2027
USA	8,492,341	Granted patent	15 November 2007/ 11 January 2029 ²⁷)

²³ Patent office records list Alzhyme Pty Ltd as owner (Alzhyme Pty Ltd is the former name of NeuroScientific Biopharmaceuticals Pty Ltd)

²⁴ Status correct as at 19 April 2018

²⁵ Filing date of International patent application PCT/AU2007/001767

²⁶ Assumes all renewals are paid when due.

²⁷ This includes the additional patent term added by the USPTO due to delays during the application phase.

Appendix E – Patent Family 4: AB Modulating Peptides

Owner: NeuroScientific Biopharmaceuticals Pty Ltd²⁸			
“AB Modulating Peptides”			
Derived from International Patent Application PCT/AU2014/050298			
Country	Number	Status²⁹	Filing Date³⁰/Expiry Date³¹
Australia	2014339765	Pending	21 October 2014/ Not yet granted
Europe	14855863.8	Pending	21 October 2014/ Not yet granted
USA	15/030,077	Pending	21 October 2014/ Not yet granted

²⁸ Patent office records list Alzhyme Pty Ltd as owner (Alzhyme Pty Ltd is the former name of NeuroScientific Biopharmaceuticals Pty Ltd)

²⁹ Status correct as at 19 April 2018

³⁰ Filing date of International patent application PCT/AU2014/050298

³¹ Standard patent term is generally 20 years from filing date.

Appendix F - Patent Specific Risk Factors

1. General

Legislation or regulatory actions subsequent to the filing date of a patent application may affect what an applicant is entitled to claim in a pending application and may also affect whether a granted patent can be enforced in certain circumstances. Laws relating to biotechnology remain the subject of ongoing political controversy in some countries. The risk of changed laws affecting patent rights is generally considered greater for the biotechnology field than in other longer established fields.

2. Entitlement to Priority

In order for material disclosed in a patent application to be entitled to the priority date of a corresponding earlier filed application (e.g. a provisional application), there must be adequate support or disclosure of such material in the provisional application. Subject matter in a patent application that is not so disclosed in the earlier application is not entitled to the claim to priority, which may affect patentability of the subject invention or the validity of any patent that may be granted.

3. Securing a Patent

The claims in a pending application cannot be considered predictive of claims in a granted patent. Examination in certain jurisdictions such as the USA and the European Patent Office (EPO) are often more stringent than other countries and all pending claims may be subject to amendment during the pendency of an application. Thus, during pendency of any patent application, an applicant cannot reliably predict whether any claims will ultimately be granted or what the scope of any granted claims will be. Furthermore, whilst the scope of claims granted in one country may assist, it cannot be relied upon for predicting the scope of claims granted in another country.

All patent searches are dependent on the accuracy and scope of the databases used for the search and, in particular, the manner in which information in the databases is indexed for searching purposes.

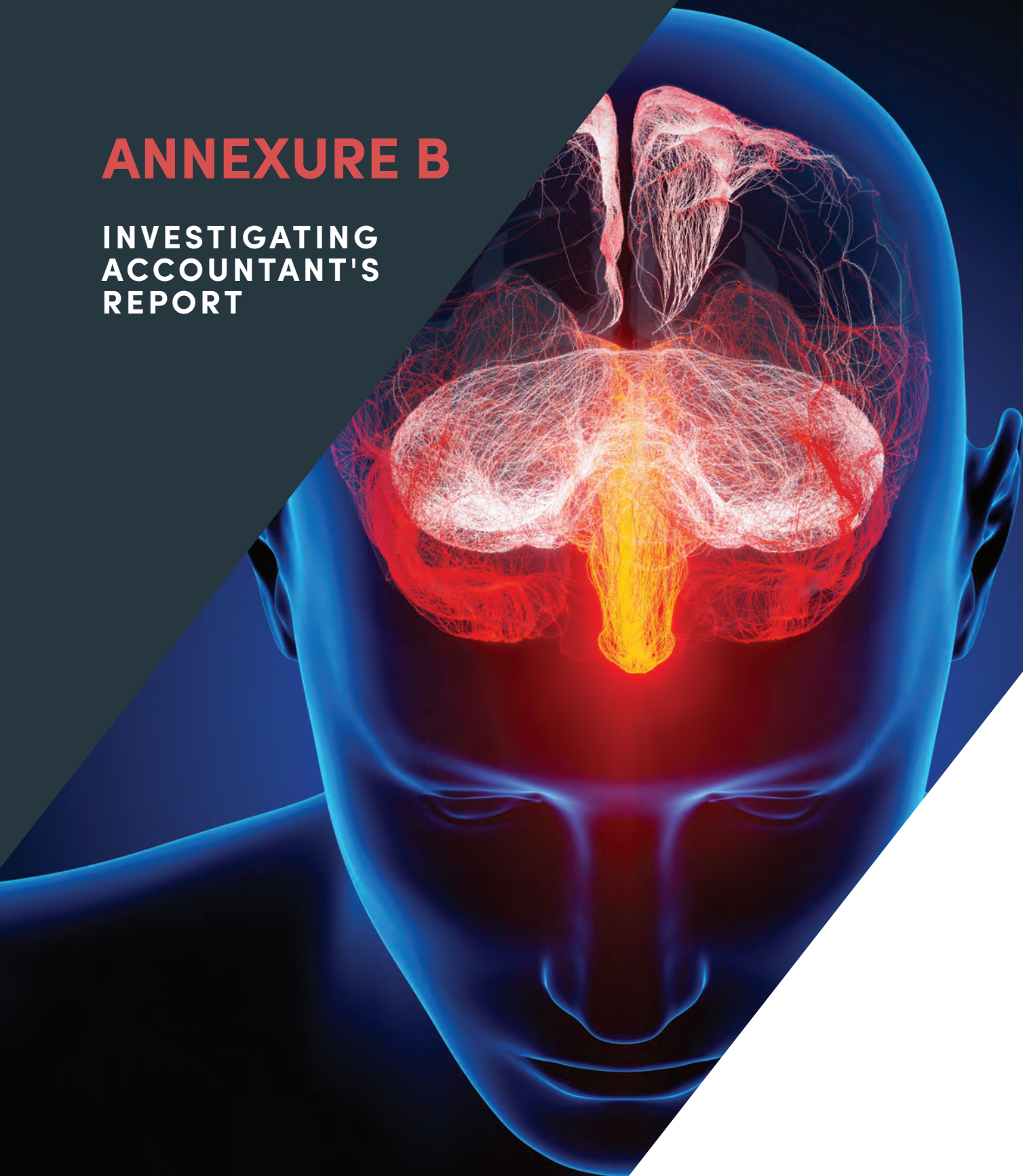
Patent applications may have been filed by third parties based on an earlier priority date and the existence of such applications may not be known for up to about 18 months after they were filed. Such earlier-filed applications may constitute prior art that adversely affects patentability or claim scope of a patent matter listed herein. Given the timing of and the approach taken to the examination of patent applications, if any prior art in this 18 month period does exist, it is unlikely that it will be located in searches conducted by official Patent Offices.

Delays may occur during pendency, due to unpredictable events which the applicant cannot control. The net effect of such delays may be to decrease the time from the date of patent grant to the end of the patent term and thus adversely affect the effective lifetime of enforceability of the patent.

Patents and pending applications can be subject to opposition or other revocation proceedings, which vary from country to country and which cannot be predicted in advance.

ANNEXURE B

INVESTIGATING
ACCOUNTANT'S
REPORT



RSM Corporate Australia Pty Ltd

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8 May 2018

The Directors
Neuroscientific Biopharmaceuticals Limited
Level 1, 45 Stirling Highway,
Nedlands, WA, 6009

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report (“Report”) on Neuroscientific Biopharmaceuticals Limited Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by Neuroscientific Biopharmaceuticals Limited (“NeuroScientific” or the “Company”) to report on the historical financial and pro forma financial information of the Company for the two years ended 30 June 2016 and 30 June 2017 and the two six-month periods ended 31 December 2016 and 31 December 2017, for inclusion in a prospectus (“Prospectus”) of the Company dated on or about 8 May 2018. The Prospectus is in connection with NeuroScientific’s initial public offering and listing on the Australian Securities Exchange (“ASX”), pursuant to which the Company is offering 25,000,000 ordinary NeuroScientific shares at an issue price of \$0.20 per share to raise \$5.0 million. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of 0.20 per Share to raise up to an additional \$1,000,000 may be accepted (“Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to the Prospectus, or the risks associated with an investment in shares in the Company.

Background

The Company is a public unlisted company focussing on developing pharmaceutical products that target neurodegenerative conditions. NeuroScientific is developing peptide-based drugs that have the potential to either treat or diagnose neurodegenerative conditions.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the historical financial information of the Company included in the Prospectus at the Appendix to this Report, and comprising:

- The statement of comprehensive income and statement of cash flows of the Company for the two years ended 30 June 2016 and 30 June 2017 and the two six-month periods ended 31 December 2016 and 31 December 2017; and
- The statement of financial position of the Company as at 31 December 2017.

(together the “Historical Financial Information”).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the Australian Accounting Standards and the Company’s adopted accounting policies.

The Historical Financial Information comprises that of the Company and has been extracted from:

- the financial statements of the Company for the two years ended 30 June 2016 and 30 June 2017, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued for the periods ended 30 June 2016 and 30 June 2017 noted that the financial statements were prepared on a special purpose basis for the purpose of fulfilling the directors’ financial reporting responsibilities under the *Corporations Act 2001*. The audit opinions were not modified in respect of this matter; and
- the financial statements of the Company for the six-month period ended 31 December 2017, which was reviewed by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The review report issued for the period ended 31 December 2017 included an unmodified review opinion.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 31 December 2017, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position or statement of financial performance.

Directors’ responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- The statement of comprehensive income and statement of cash flows of the Company for the two years ended 30 June 2017 and 30 June 2016 and the two six-month periods ended 31 December 2017 and 31 December 2016; and
- The statement of financial position of the Company as at 31 December 2017.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position as at 31 December 2017 of the Company, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Disclosure of Interest

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully

Andrew Gilmour
A J GILMOUR

Director

NEUROSCIENTIFIC BIOPHARMACEUTICALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWO YEARS ENDED 30 JUNE 2017 AND 30 JUNE 2016 AND
THE TWO SIX-MONTH PERIODS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

	6 months ended 30-Dec-17 Reviewed \$	6 months ended 31-Dec-16 Reviewed \$	Year ended 30-Jun-17 Audited \$	Year ended 30-Jun-16 Audited \$
Revenue				
Interest received	223	-	160	25
Other income	-	-	38,025	116,000
Expenses				
Administration expenses	(38,637)	(27,787)	(39,499)	(30,454)
Consulting and research expenses	(218,518)	(122,599)	(249,333)	(188,614)
Employee benefits expense	(50,000)	-	-	-
Finance costs	(60)	(317)	(578)	(344)
Depreciation and amortisation	(17,751)	(2,407)	(9,892)	-
Loss before income tax	(324,743)	(153,110)	(261,117)	(103,387)
Income tax expense	-	-	-	-
Loss after income tax doe the period	(324,743)	(153,110)	(261,117)	(103,387)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	(324,743)	(153,110)	(261,117)	(103,387)

Investors should note that past results are not a guarantee of future performance.

NEUROSCIENTIFIC BIOPHARMACEUTICALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWO YEARS ENDED 30 JUNE 2017 AND 30 JUNE 2016 AND
THE TWO SIX-MONTH PERIODS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

	6 months ended 31-Dec-17 Reviewed \$	6 months ended 31-Dec-16 Reviewed \$	Year ended 30-Jun-17 Audited \$	Year ended 30-Jun-16 Audited \$
Cash flows from operating activities				
Payments to suppliers and employees (inclusive of GST)	(170,952)	(213,502)	(367,800)	(87,437)
Research and development tax rebate received	38,025	181,797	181,797	-
Interest received	223	-	160	25
Interest and other finance costs paid	(60)	(317)	(576)	(345)
Net cash (outflow) from operating activities	<u>(132,764)</u>	<u>(32,022)</u>	<u>(186,419)</u>	<u>(87,757)</u>
Cash flows from investing activities				
Purchase of intangible assets	-	-	(15,000)	(10,000)
Net cash (outflow) from investing activities	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(10,000)</u>
Cash flows from financing activities				
Proceeds from issue of shares	-	121,440	322,440	-
Proceeds from borrowings	-	-	-	40,000
Proceeds from convertible note issue	80,000	-	-	-
Net cash inflow from financing activities	<u>80,000</u>	<u>121,440</u>	<u>322,440</u>	<u>40,000</u>
Net increase (decrease) in cash held	(52,764)	89,418	121,021	(57,757)
Cash and cash equivalents at the beginning of the period	125,806	4,785	4,785	62,542
Cash and cash equivalents at the end of the period	<u>73,042</u>	<u>94,203</u>	<u>125,806</u>	<u>4,785</u>

Investors should note that past results are not a guarantee of future performance.

NEUROSCIENTIFIC BIOPHARMACEUTICALS LIMITED
CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	NeuroScientific Reviewed 31-Dec-17 \$	Subsequent events Unaudited 31-Dec-17 \$	Pro forma adjustments minimum Unaudited 31-Dec-17 \$	Pro forma Minimum Unaudited 31-Dec-17 \$	Pro forma adjustments maximum Unaudited 31-Dec-17 \$	Pro forma Maximum Unaudited 31-Dec-17 \$
Assets							
Current assets							
Cash and cash equivalents	3	73,042	396,000	4,499,600	4,968,642	5,439,600	5,908,642
Other receivables		6,348	-	-	6,348	-	6,348
Prepayments		18,467	-	-	18,467	-	18,467
Total current assets		<u>97,857</u>	<u>396,000</u>	<u>4,499,600</u>	<u>4,993,457</u>	<u>5,439,600</u>	<u>5,933,457</u>
Non-current assets							
Intangible assets	4	397,357	-	-	397,357	-	397,357
Total non-current assets		<u>397,357</u>	<u>-</u>	<u>-</u>	<u>397,357</u>	<u>-</u>	<u>397,357</u>
Total assets		<u>495,214</u>	<u>396,000</u>	<u>4,499,600</u>	<u>5,390,814</u>	<u>5,439,600</u>	<u>6,330,814</u>
Liabilities							
Current liabilities							
Trade and other payables		29,169	-	-	29,169	-	29,169
Licence fees payable	5	150,000	(150,000)	-	-	-	-
Other liabilities		25,000	-	-	25,000	-	25,000
Convertible notes	6	80,000	360,000	(440,000)	-	(440,000)	-
Total current liabilities		<u>284,169</u>	<u>210,000</u>	<u>(440,000)</u>	<u>54,169</u>	<u>(440,000)</u>	<u>54,169</u>
Total liabilities		<u>284,169</u>	<u>210,000</u>	<u>(440,000)</u>	<u>54,169</u>	<u>(440,000)</u>	<u>54,169</u>
Net assets		<u>211,045</u>	<u>186,000</u>	<u>4,939,600</u>	<u>5,336,645</u>	<u>5,879,600</u>	<u>6,276,645</u>
Equity							
Issued capital	7	4,223,762	186,000	5,290,962	9,700,724	6,226,972	10,636,734
Reserves		3,281	-	-	3,281	-	3,281
Accumulated losses	8	(4,015,998)	-	(351,362)	(4,367,360)	(347,372)	(4,363,370)
Total equity		<u>211,045</u>	<u>186,000</u>	<u>4,939,600</u>	<u>5,336,645</u>	<u>5,879,600</u>	<u>6,276,645</u>

The unaudited pro forma statement of financial position represents the reviewed statement of financial position of the Company as at 31 December 2017 adjusted for the pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the historical and pro forma financial information.

1. Introduction

The financial information set out in this Appendix consists of the Historical Financial Information together with the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information has been compiled by adjusting the reviewed statement of financial position of the Company as at 31 December 2017 and reflecting the Directors' pro forma adjustments, for the impact of the following subsequent events and pro forma adjustments.

Adjustments adopted in compiling the Pro Forma Historical Financial Information

The following subsequent event transactions which have occurred since 31 December 2017:

- (i) On 1 December 2017, the Company approved the issue of convertible notes to the value of \$440,000. The convertible notes have an expiry of the earlier of 6 months from issue or 30 June 2018. The conversion price is \$0.04 and has a face value of \$1.00. As at 31 December 2017, \$80,000 of the convertible notes had been issued and recorded in the financial statements with the remaining \$360,000 being received post 31 December 2017. The convertible notes will convert into 11,000,000 shares following completion of the Offer ("Convertible Notes");
- (ii) On 18 January 2018, 746,269 shares were issued as part of the successful completion of a milestone under the terms of the Licence Agreement with the University of Tasmania ("UTAS"); and
- (iii) On 20 February 2018, 36,000,000 options were issued at a cost of \$0.001 per option, exercisable at \$0.20 on or before 7 March 2021 ("Existing Options").

The following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Initial Public Offer:

- (iv) Completion of the Offer assuming issue of a minimum of 25,000,000 and the maximum 30,000,000 ordinary shares at \$0.20 each to raise a minimum of \$5,000,000 up to a maximum of \$6,000,000 before costs, pursuant to the Offer;
- (v) The payment of cash costs related to the Offer estimated to be a minimum of \$500,400 and a maximum of \$560,400;
- (vi) Conversion of the Convertible Notes at a price of \$0.04 into 11,000,000 Shares in the Company upon successful completion of the Offer; and
- (vii) The issue of 3,750,000 Performance Share in five classes as follows:
 - 950,000 Class A Performance Shares which will each convert into one share immediately prior to the Company being admitted to the official list of the ASX;
 - 700,000 Class B Performance Shares which will each convert into one share upon the Company achieving a volume weighted average price ("VWAP") of shares traded on the ASX over 20 consecutive days of not less than \$0.40 on or before the date that is 2 years from the date the Company is admitted to the official list of the ASX;
 - 700,000 Class C Performance Shares which will each convert into one share upon the Company being awarded the US FDA Investigational New Drug (IND) status (or the EU EMA equivalent) in relation to EmtinB on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX;
 - 700,000 Class D Performance Shares which will each convert into one share upon the Company completing the recruitment of the first patient for the Phase IA clinical trial of EmtinB based products on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX; and
 - 700,000 Class E Performance Shares which will each convert into one share upon the Company achieving a VWAP of Shares traded on the ASX over 20 consecutive days of not less than \$0.80 on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX.

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

2. Statement of significant accounting policies

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards ("AAS"), adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The Pro Forma Financial Information presented in the Prospectus as at 31 December 2017 has been compiled by adjusting the reviewed statement of financial position of the Company as at 31 December 2017 and reflecting the Directors' pro forma adjustments.

The significant accounting policies that have been adopted in the preparation and presentation of the Historical Financial Information and the Pro forma Historical Financial Information are set out below.

(b) Basis of measurement

The Historical and Pro Forma Historical Financial Information has been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

(c) Functional and presentation currency

The Financial Information is presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of Financial Information in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial information. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(e) Going concern

The Historical and Pro Forma Historical Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(f) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is primarily the research and development tax refund received for claims under the Commonwealth Government's Research and Development Tax Incentive Regime. Revenue is recorded once it is probable that the company will receive the benefit. All other income is recognised when it is received or when the right to receive payment is established.

(g) Current and non-current classifications

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Research and development

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

(n) Share-based payment transactions

The company provides benefits in the form of share-based payments, whereby persons render services in exchange for shares or rights over shares ('equity settled transactions'). The company does not provide cash settled share-based payments.

The cost of equity settled transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (the 'vesting period').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

(o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible asset recognized is assessed as finite.

(p) Impairment of assets

At each reporting date, the Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the financial information. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 January 2018 and the impact of its adoption is expected to be minimal on the Company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 January 2018 and the impact of its adoption is expected to be minimal on the Company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont.)

For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 January 2019, but the impact of its adoption is yet to be assessed by the Company.

3. Cash and cash equivalents

	Note	Reviewed 31-Dec-17 \$	Pro forma Min. Unaudited 31-Dec-17 \$	Pro forma Max. Unaudited 31-Dec-17 \$
Cash and cash equivalents		73,042	4,968,642	5,908,642
Company cash and cash equivalents as at 31 December 2017			73,042	73,042
<i>Subsequent events are summarised as follows:</i>				
Funds received from the issue of convertible notes	1(i)		360,000	360,000
Funds received from the issue of Options	1(iii)		36,000	36,000
			396,000	396,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>				
Proceeds from the Offer pursuant to the Prospectus	1(iv)		5,000,000	6,000,000
Capital raising costs	1(v)		(500,400)	(560,400)
			4,499,600	5,439,600
Pro forma cash and cash equivalents			4,968,642	5,908,642

4. Intangible assets

	Reviewed 31-Dec-17 \$	Pro forma Min. Unaudited 31-Dec-17 \$	Pro forma Max. Unaudited 31-Dec-17 \$
Licence agreement			
Opening balance as at 30 June 2017	415,108	415,108	415,108
Less: accumulated amortisation	(17,751)	(17,751)	(17,751)
Closing balance as at 31 December 2017	397,357	397,357	397,357

5. Licence fee payable

	Reviewed 31-Dec-17 \$	Pro forma Min. Unaudited 31-Dec-17 \$	Pro forma Max. Unaudited 31-Dec-17 \$
Licence fee payable	150,000	-	-
Company licence fee payable as at 31 December 2017		150,000	150,000
<i>Subsequent events are summarised as follows:</i>			
Settlement of amounts payable through the issue of Company shares to UTAS on completion of Milestone 1	1(ii)	(150,000)	(150,000)
Pro forma licence fee payable		-	-

6. Convertible notes

	Reviewed 31-Dec-17 \$	Pro forma Min. Unaudited 31-Dec-17 \$	Pro forma Max. Unaudited 31-Dec-17 \$
Convertible notes	80,000	-	-
Company convertible notes as at 31 December 2017		80,000	80,000
<i>Subsequent events are summarised as follows:</i>			
Issue of convertible notes	1(i)	360,000	360,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Conversion of convertible notes to equity	1(vi)	(440,000)	(440,000)
Pro forma convertible notes		-	-

7. Issued Capital

	Note	Number of shares (Min.)		\$	Number of shares (Max.)		\$
Company issued share capital as at 31 December 2017		30,609,323	4,223,762		30,609,323	4,223,762	
<i>Subsequent events are summarised as follows:</i>							
Issue of shares to UTAS on completion of Milestone 1	1(ii)	746,269	150,000		746,269	150,000	
Issue of Options	1(iii)	-	36,000		-	36,000	
		746,269	186,000		746,269	186,000	
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>							
Fully paid ordinary shares issued at \$0.20 pursuant to this Prospectus	1(iv)	25,000,000	5,000,000		30,000,000	6,000,000	
Cash costs associated with the share issue pursuant to this Prospectus	1(v)	-	(339,038)		-	(403,028)	
Conversion of convertible notes to equity	1(vi)	11,000,000	440,000		11,000,000	440,000	
Conversion of Class A Performance Shares to ordinary shares	1(vii)	950,000	190,000		950,000	190,000	
		36,950,000	5,290,962		41,950,000	6,226,972	
Pro forma issued share capital		68,305,592	9,700,724		73,305,592	10,636,734	

(a) Options

The Company has 36,000,000 Existing Options issue, each exercisable at \$0.20 on or before 7 March 2021.

Following completion of the Offer, the Company intends to issue two free options ("Entitlement Options") for every five Shares held to all eligible Shareholders on a record date approximately three months after the date the Company achieves Listing. The proposed Entitlement Options will be issued at \$0.001 per Option and will be on the same terms as the Existing Options.

The terms and conditions for Existing Options and Entitlement Options are set out in section 13.5 of the Prospectus.

(b) Performance Shares

Following completion of the Offer, the Company will have 2,800,000 Performance Shares on issue in four classes as follows:

- 700,000 Class B Performance Shares which will each convert into one share upon the Company achieving a volume weighted average price ("VWAP") of shares traded on the ASX over 20 consecutive days of not less than \$0.40 on or before the date that is 2 years from the date the Company is admitted to the official list of the ASX;
- 700,000 Class C Performance Shares which will each convert into one share upon the Company being awarded the US FDA Investigational New Drug (IND) status (or the EU EMA equivalent) in relation to EmtinB on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX;

7. Issued capital (cont.)

- 700,000 Class D Performance Shares which will each convert into one share upon the Company completing the recruitment of the first patient for the Phase IA clinical trial of EmtinB based products on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX; and
- 700,000 Class E Performance Shares which will each convert into one share upon the Company achieving a VWAP of Shares traded on the ASX over 20 consecutive days of not less than \$0.80 on or before the date that is 5 years from the date the Company is admitted to the official list of the ASX.

The Performance Shares have been valued using a binomial option pricing model based on the fair value of a Company share at the grant date, under the following assumptions:

Assumptions	Class A Performance Shares	Class B Performance Shares	Class C Performance Shares	Class D Performance Shares	Class E Performance Shares
Share price	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Exercise price	nil	nil	nil	nil	nil
Share price target	n/a	\$ 0.40	n/a	n/a	\$ 0.80
Expiry period	(vested)	2 years	5 years	5 years	5 years
Expected future volatility	90%	90%	90%	90%	90%
Risk free rate	2.06%	2.06%	2.36%	2.36%	2.36%
Dividend yield	0%	0%	0%	0%	0%

The Class B, C, D and E Performance Shares have not been recognised in the pro forma financial information as the cost of the Performance Shares will be recognised over the relevant vesting periods of each class of Performance Shares.

The terms and conditions for Performance Shares are set out in section 13.3 of the Prospectus.

8. Accumulated Losses

	Note	Reviewed 31-Dec-17 \$	Pro forma Min. Unaudited 31-Dec-17 \$	Pro forma Max. Unaudited 31-Dec-17 \$
Accumulated losses		(4,015,998)	(4,367,360)	(4,363,370)
Company accumulated losses as at 31 December 2017			(4,015,998)	(4,015,998)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>				
Listing costs expensed	1(v)		(161,362)	(157,372)
Cost of Class A Performance Shares	1(v)		(190,000)	(190,000)
			(351,362)	(347,372)
Pro forma accumulated losses			(4,367,360)	(4,363,370)

9. Commitments and Contingent liabilities

On 18 May 2016, the company signed an agreement with the UTAS to acquire the licence to hold the right to use intellectual property developed by the university. In accordance with the contract, amounts are payable to UTAS in equity, conditional upon the satisfaction of certain technical milestones. Upon the satisfaction of Milestone 1, \$150,000, Milestone 2, \$200,000 and Milestone 3, \$250,000 of equity securities are required to be issued in the company. Milestone 1 was achieved on 18 December 2017 and Milestone 2 and Milestone 3 have not been achieved as at 31 December 2017.

10. Related party disclosure

Following completion of the Offer, the Directors of NeuroScientific will be Brian Leedman, Matthew Liddelow, Anton Uvarov and Stephen Quantrill. Directors' holdings of shares, directors' remuneration and other directors' interests are set out in section 9 of the Prospectus.



Status: Analysis

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