

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-35527

**MYnd Analytics, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-0419387**  
(I.R.S. Employer  
Identification No.)

**26522 La Alameda, Suite 290**  
**Mission Viejo, California 92691**  
(Address of principal executive offices) (Zip Code)

**(949) 420-4400**  
(Registrant's telephone number, including area code)

(Former name, former address, former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer   
(Do not check if a smaller reporting company)  
Emerging Growth Company

Smaller Reporting Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of August 14, 2017, the issuer had 4,239,061 shares of common stock, par value \$0.001 per share, issued and outstanding.

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MYnd Analytics, Inc.

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the three months ended June 30,		For the nine months ended June 30,	
	2017	2016	2017	2016
<b>REVENUES</b>				
Neurometric Services	\$ 40,400	\$ 21,100	\$ 94,500	\$ 66,500
<b>OPERATING EXPENSES</b>				
Cost of neurometric services revenue	16,200	1,500	23,700	4,100
Research	40,600	17,500	101,500	62,800
Product development	278,900	224,900	867,000	531,200
Sales and marketing	292,100	158,100	589,600	414,200
General and administrative	966,800	428,300	2,922,800	1,178,100
Total operating expenses	1,594,600	830,300	4,504,600	2,190,400
<b>OPERATING LOSS</b>	(1,554,200)	(809,200)	(4,410,100)	(2,123,900)
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense, net	(1,900)	(487,900)	(5,800)	(1,227,700)
Loss on extinguishment of debt	—	—	—	(2,337,400)
Finance fees	—	(20,000)	—	(20,000)
Gain on derivative liabilities	—	237,700	—	1,035,900
Legal settlement accrual	—	(275,000)	—	(275,000)
Total other income (expense)	(1,900)	(545,200)	(5,800)	(2,824,200)
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	(1,556,100)	(1,354,400)	(4,415,900)	(4,948,100)
Income taxes	16,300	—	48,700	300
<b>NET LOSS</b>	\$ (1,572,400)	\$ (1,354,400)	\$ (4,464,600)	\$ (4,948,400)
<b>BASIC AND DILUTED LOSS PER SHARE:</b>				
From continuing operations	\$ (0.62)	\$ (2.53)	\$ (1.91)	\$ (9.50)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>				
Basic and Diluted	2,535,394	535,805	2,336,283	520,412

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2017	(As Revised) September 30, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 409,300	\$ 318,200
Accounts receivable, net	6,000	5,100
Prepaid insurance	90,500	59,800
Prepaid other assets	29,900	18,800
<b>Total current assets</b>	<b>535,700</b>	<b>401,900</b>
Furniture and equipment, net	85,300	9,500
Intangible assets, net	88,200	87,100
Investment in Arcadian	125,900	—
Deferred offering costs	367,200	—
Other assets	11,700	13,600
<b>TOTAL ASSETS</b>	<b>\$ 1,214,000</b>	<b>\$ 512,100</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable (including \$0 and \$10,000 to related parties as of June 30, 2017, and September 30, 2016, respectively)	\$ 1,072,100	\$ 426,600
Accrued liabilities	93,700	64,900
Accrued compensation	546,200	587,200
Accrued compensation – related parties	358,400	358,400
Deferred revenue - grant funds	45,900	45,900
Current portion of note payable	45,800	56,300
Current portion of capital lease	1,300	1,200
<b>Total current liabilities</b>	<b>2,163,400</b>	<b>1,540,500</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term portion of note payable	—	31,400
Long-term portion of capital lease	3,700	4,700
<b>Total long-term liabilities</b>	<b>3,700</b>	<b>36,100</b>
<b>TOTAL LIABILITIES</b>	<b>2,167,100</b>	<b>1,576,600</b>
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred stock, \$0.001 par value; authorized 15,000,000 shares, 0 shares issued and outstanding as of June 30, 2017 and September 30, 2016, respectively	—	—
Common stock, \$0.001 par value; authorized 500,000,000 shares and issued and outstanding 2,539,061 shares and 1,941,061 shares as of June 30, 2017 and September 30, 2016, respectively	2,500	1,900
Additional paid-in capital	72,042,800	67,467,400
Accumulated deficit	(72,998,400)	(68,533,800)
<b>Total stockholders' deficit</b>	<b>(953,100)</b>	<b>(1,064,500)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 1,214,000</b>	<b>\$ 512,100</b>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the nine months ended	
	June 30,	
	2017	2016 (As Revised)
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (4,464,600)	\$ (4,948,400)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	33,100	3,900
Gain on derivative liability valuation	—	(1,035,900)
Stock-based compensation	1,294,800	240,400
Non-cash common stock to vendors for services	149,000	—
Loss on extinguishment of debt	—	2,337,400
Financing expenses	—	1,225,200
Legal settlement	—	275,000
Changes in operating assets and liabilities:		
Accounts receivable	(900)	8,600
Prepays and other assets	(39,900)	(68,500)
Accounts payable and accrued liabilities	397,600	(118,700)
Accrued compensation	(41,000)	51,100
Net cash used in operating activities	<u>(2,671,900)</u>	<u>(2,029,900)</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	(87,100)	(2,800)
Investment in Arcadian	(120,000)	—
Costs incurred to develop intangible assets	(22,900)	(65,700)
Net cash used in investing activities	<u>(230,000)</u>	<u>(68,500)</u>
<b>FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(41,900)	—
Principal payments on capital lease	(900)	(2,900)
Proceeds from sale of common stock, private placement	2,981,300	—
Proceeds from sale of common stock, purchase agreement	145,000	—
Net proceeds from issuance of secured convertible debt	—	2,100,000
Deferred offering costs	(90,500)	—
Net cash provided by financing activities	<u>2,993,000</u>	<u>2,097,100</u>
NET INCREASE(DECREASE) IN CASH	91,100	(1,300)
CASH- BEGINNING OF THE PERIOD	318,200	432,100
CASH- END OF THE PERIOD	<u>\$ 409,300</u>	<u>\$ 430,800</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 5,800	\$ 2,400
Income taxes	<u>\$ 48,700</u>	<u>\$ 300</u>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING &amp; FINANCING ACTIVITIES:</b>		
Common Stock issued for Investment in Arcadian	\$ 5,900	\$ —
Unpaid deferred offering costs	<u>\$ 276,700</u>	<u>\$ —</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2017**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at September 30, 2016 (Audited) (As Revised)	1,941,061	\$ 1,900	\$ 67,467,400	\$ (68,533,800)	\$ (1,064,500)
Stock-based compensation	—	—	1,294,800	—	1,294,800
Stock issued for private placement of shares	477,000	500	2,980,800	—	2,981,300
Stock issued for purchase agreement to Aspire Capital	20,000	—	145,000	—	145,000
Commitment shares issued to Aspire Capital pursuant to Purchase Agreement	80,000	100	(100)	—	—
Common Stock issued to vendors for services	20,000	—	149,000	—	149,000
Common Stock issued to Arcadian	1,000	—	5,900	—	5,900
Net loss	—	—	—	(4,464,600)	(4,464,600)
Balance at June 30, 2017	<u>2,539,061</u>	<u>\$ 2,500</u>	<u>\$ 72,042,800</u>	<u>\$ (72,998,400)</u>	<u>\$ (953,100)</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**MYND ANALYTICS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. NATURE OF OPERATIONS**

**Organization and Nature of Operations**

MYnd Analytics, Inc. (“MYnd,” “CNS,” “we,” “us,” “our,” or the “Company”), formerly known as CNS Response Inc., was incorporated in Delaware on March 20, 1987, under the name Age Research, Inc. Prior to January 16, 2007, the Company (then called Strativation, Inc.) was a “shell company” with nominal assets and our sole business was to identify, evaluate and investigate various companies to acquire or with which to merge. On January 16, 2007, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with CNS Response, Inc., a California corporation formed on January 11, 2000 (“CNS California”), and CNS Merger Corporation, a California corporation and the Company’s wholly-owned subsidiary (“MergerCo”) pursuant to which the Company agreed to acquire CNS California in a merger transaction wherein MergerCo would merge with and into CNS California, with CNS California being the surviving corporation (the “Merger”). On March 7, 2007, the Merger closed, CNS California became a wholly-owned subsidiary of the Company, and on the same date the corporate name was changed from Strativation, Inc. to CNS Response, Inc. At the annual meeting held on October 28, 2015, shareholders approved a change in our name from CNS Response, Inc. to MYnd Analytics, Inc. On November 2, 2015, the Company filed an amendment to its Certificate of Incorporation which, among other things, effected the name change to MYnd Analytics, Inc.

The Company is a predictive analytics company that has developed a decision support tool to help physicians reduce trial and error treatment in mental health and provide more personalized care to patients. The Company provides objective clinical decision support to healthcare providers for the personalized treatment of behavioral disorders, including depression, anxiety, bipolar disorder, post-traumatic stress disorder (“PTSD”) and other non-psychotic disorders. The Company uses its proprietary neurometric platform, PEER Online, to generate Psychiatric EEG Evaluation Registry (“PEER”) Reports to predict the likelihood of response by an individual to a range of medications prescribed for the treatment of behavioral disorders. The Company continues to be focused on military personnel and their family members who are suffering from depression, PTSD and other disorders through the military, Veterans Administration, and Canadian Forces. Commercial expansion is focused on payer and self-insured markets, provider direct sales to multi-physician and multi-practice provider groups, and patient direct referrals to these groups. The Company continues to expand its database, including younger adults and adolescents.

The Company acquired the Neuro-Therapy Clinic, Inc. (“NTC”) on January 15, 2008, to provide behavioral health care services. NTC’s operations were discontinued effective September 30, 2012. All share amounts are reflective of the reverse split.

On September 21, 2016, the Company effected a 1-for-200 reverse stock-split (“reverse split”) of its common stock, par value \$0.001 per share (the “Common Stock”), where every 200 shares of the Company’s Common Stock issued and outstanding immediately prior to the reverse-split were automatically combined into one share of Common Stock. Because the Amendment did not reduce the number of authorized shares of Common Stock, the effect of the Amendment was to increase the number of shares of Common Stock available for issuance relative to the number of shares issued and outstanding. All share amounts stated in the document are reflective of the reverse split.

### *The Aspire Capital Equity Line*

On December 6, 2016, the Company, entered into a common stock purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's Common Stock over the 30-month term of the Purchase Agreement. Concurrently with entering into the Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital (the "Registration Rights Agreement"), pursuant to which the Company maintains an effective registration statement registering the sale of the shares of Common Stock that have and may be issued to Aspire under the Purchase Agreement. Under the Purchase Agreement, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

- a) the lowest sale price of Common Stock on the purchase date; or
- b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which the Company submits a purchase notice to Aspire Capital in an amount equal to 50,000 shares and the closing sale price of the Company's stock is greater than \$0.50 per share, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Company's common stock is less than \$0.50. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "Commitment Shares"). The Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Purchase Agreement. Any proceeds from the Company received under the Purchase Agreement are expected to be used for working capital and general corporate purposes.

On February 23, 2017, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of \$7.25, resulting in gross cash proceeds to the Company of \$145,000.

### *Liquidity*

During the nine months ended June 30, 2017, the Company incurred a net loss of \$4.5 million and used \$2.7 million of net cash in operating activities. As of June 30, 2017, the Company's accumulated deficit was \$73.0 million. In connection with these condensed consolidated financial statements, management evaluated whether there were conditions and events, considered in the aggregate, that raised substantial doubt about the Company's ability to meet its obligations as they become due for the next twelve months from the date of issuance of these financial statements. Management assessed that there were such conditions and events, including a history of recurring operating losses, negative cash flows from operating activities, and a net working capital deficit.

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. As of August 14, 2017, approximately \$9.9 million under the Purchase Agreement remains available for sale to Aspire Capital.

To meet our short and long-term liquidity needs, management expects to use existing cash balances (including cash raised from the July offering), our revenue generating activities and a variety of other means, including raising funds by selling additional securities to the public or to selected investors in PIPE transactions, utilizing the Aspire line, or by obtaining debt financing. Other sources of liquidity could include partnerships and/or collaborations and/or sale of assets. In addition, we will continue to seek as appropriate grants for scientific and clinical studies from various governmental agencies and foundations. Additionally, the company expects to continue to generate revenues to offset expenses.

There is no assurance that the Company will be able to obtain additional funds on commercially favorable terms or at all. If the Company raises additional funds by issuing additional equity or convertible debt securities, the fully diluted ownership percentages of existing stockholders will be reduced. In addition, any equity or debt securities that the Company would issue may have rights, preferences or privileges senior to those of the holders of its common stock.

Based on the Company's current operating plan, management anticipates that, given current working capital levels, current financial projections, and the funds raised in the public offering described above, the Company will be able to meet its financial obligations as they become due over the next twelve months.

#### *Recent Private Placements*

Between September 30, 2016, and March 20, 2017, the Company sold and issued an aggregate of 477,000 shares of its Common Stock, at a per share price of \$6.25, in private placements to 13 accredited investors, for which it received gross cash proceeds of \$2,981,300. Five of the 13 accredited investors were affiliates of the Company which represented 70% of such cash proceeds.

#### *Public Offering*

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million (See Note 7 for additional details on the equity financing).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and are in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

### **Basis of Consolidation**

The unaudited condensed consolidated financial statements include the accounts of the Company, an inactive parent company, and its wholly owned operating subsidiaries CNS California and NTC, which is a dormant company. There were no intercompany transactions to be eliminated on consolidation.

### **Use of Estimates**

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosure of assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to revenue recognition, allowance for doubtful accounts, useful lives of furniture and equipment, intangible assets, provision for income taxes, valuation of equity instruments, and accrued liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

**Cash**

The Company deposits its cash with major financial institutions which may, at times, exceed the federally insured limit of \$250,000. The Company believes that the risk of loss is minimal. To date, the Company has not experienced any losses related to cash deposits with financial institutions.

**Derivative Liabilities**

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. As of June 30, 2017, the Company did not have any derivative financial instruments.

**Investments**

On April 1, 2017, the Company entered into a Master Purchase and Option Agreement with Arcadian Telepsychiatry LLC (“Arcadian”), a Pennsylvania based Limited Liability Company and Mr. Robert Plotkin, who, prior to the transaction, was the sole member and owned 100% of the membership interests in Arcadian. The Company made a \$100,000 capital contribution to Arcadian and issued 1,000 shares of Common Stock to Mr. Plotkin for a membership interest equal to 10% of the outstanding membership interests, together with any and all rights, privileges and interests in Arcadian resulting from, associated with or arising from the purchased membership interests. The value of the 1,000 shares of Common Stock issued on the date of the grant on April 1, 2017, was valued at \$5.90 per share for a total of \$5,900. On June 19, 2017, the Company made an additional \$20,000 capital contribution to Arcadian.

**Fair Value Measurements**

The fair value of financial assets and liabilities that are being measured and reported are defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 inputs are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The Company had no financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2017, and September 30, 2016.

### **Accounts Receivable**

The Company estimates the collectability of customer receivables on an ongoing basis by reviewing past-due invoices and assessing the current creditworthiness of each customer. Allowances are provided for specific receivables deemed to be at risk for collection which as of June 30, 2017 and September 30, 2016 are \$1,200 and \$1,200 respectively.

### **Furniture and Equipment**

Furniture and Equipment, which are recorded at cost, consist of office furniture and equipment which are depreciated, over their estimated useful life on a straight-line basis. The useful life of these assets is estimated to be between three and five years. Depreciation expense on furniture and equipment for the nine months ended June 30, 2017 and 2016 was \$11,400 and \$2,300 respectively. Accumulated depreciation at June 30, 2017 and 2016 was \$75,900 and \$64,500, respectively.

### **Long-Lived Assets**

As required by ASC 350-30 the Company reviews the carrying value of its long-lived assets whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. No impairment loss was recorded for the nine-months ended June 30, 2017 or 2016.

### **Intangible Assets**

Costs for software developed for internal use are accounted for through the capitalization of those costs incurred in connection with developing or obtaining internal-use software. Capitalized costs for internal-use software are included in intangible assets in the consolidated balance sheets. Capitalized software development costs are amortized over three years. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software development and costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. At June 30, 2017, the Company had \$101,200 in capitalized software development costs. The Company started amortizing the software over its estimated economic life once it was placed into service in September 2016. Amortization was \$20,200 for the nine months ended June 30, 2017 and \$0 for the nine month ended June 30, 2016. Accumulated amortization on the intellectual property was \$22,400 and \$2,200 at June 30, 2017 and at September 30, 2016 respectively.

On November 23, 2011, the Company acquired intellectual property in the form of transcranial magnetic stimulation (TMS) biomarkers at a cost of \$21,200 which was recorded at cost and is being amortized over its estimated useful life of 10 years on a straight-line basis. Amortization was \$1,600 for the nine months ended June 30, 2017 and \$1,600 for the nine month ended June 30, 2016. Accumulated amortization on the intellectual property was \$11,800 and \$10,200 at June 30, 2017 and at September 30, 2016 respectively.

### **Accrued Compensation**

Accrued compensation consists of accrued vacation, accrued bonuses, and accrual of withholding taxes on certain common stock awards. The accrued compensation was \$546,200 as of June 30, 2017 and \$587,200 as of September 30, 2016.

### **Deferred Revenue**

Deferred revenue represents cash collected in advance of services being rendered but not earned as of June 30, 2017 and 2016. This represents a philanthropic grant for the payment of PEER Reports ordered in a clinical trial for a member of the U.S. Military, a veteran or their family members, the cost of which is not covered by other sources. These deferred revenue grant funds total \$45,900 as of June 30, 2017 and September 30, 2016.

## Revenues

The Company recognizes revenue on services, being the delivery of PEER Reports to medical providers, in accordance with the Financial Accounting Standards Board (“FASB”) ASC No. 605, “Revenue Recognition.” In all cases, revenue is recognized when we have persuasive evidence of an arrangement, a determinable fee, when collection is considered to be reasonably assured and the services have been delivered.

## Advertising Expenses

The Company charges all advertising expenses to operations as incurred. For the nine months ended June 30, 2017 and 2016 advertising expenses were \$41,700 and \$148,300 respectively.

## Stock-Based Compensation

The Company has adopted ASC 718-20 and related interpretations which establish the accounting for equity instruments exchanged for employee services. Under ASC 718-20, share-based compensation cost to option grantee, being employees, directors and consultants, and is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the option grantees’ requisite service period, generally the vesting period of the award.

## Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company adopted the provisions of ASC 740 and have analyzed filing positions in each of the federal and state jurisdictions where required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified the U.S. Federal and California as our “major” tax jurisdictions. Generally, we remain subject to Internal Revenue Service examination of our 2013 through 2015 U.S. federal income tax returns, and remain subject to California Franchise Tax Board examination of our 2012 through 2015 California Franchise Tax Returns. However, we have certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. In addition, we did not record a cumulative effect adjustment related to the adoption of ASC 740. Our policy for recording interest and penalties associated with income tax based audits is to record such items as a component of income taxes.

## Comprehensive Income (Loss)

ASC 220-10 requires disclosure of all components of comprehensive income (loss) on an annual and interim basis. Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The Company’s comprehensive income (loss) is the same as its reported net income (loss) for the three months and nine months ended June 30, 2017 and 2016.

## **Earnings (Loss) per Share**

Basic earnings (loss) per share are computed by dividing income (loss) available to common stockholders by the weighted average common shares outstanding during the period. Diluted earnings (loss) per share takes into account the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised and converted into Common Stock.

## **Restatement of Prior Period**

The condensed consolidated financial statements for the Company's fiscal quarter ended December 31, 2016 were restated to reflect: (i) the proper accounting treatment of the issuance of Commitment Shares with Aspire Capital as offering costs netted against additional paid in capital as part of stockholders equity and to reverse the associated amortization expense recorded therewith, and (ii) the effect thereof on the Company's accompanying condensed consolidated financial statements, notes to the condensed consolidated financial statements. The incorrectly classified balance sheet item was non-cash in nature and the Company's original report did not overstate available cash and cash equivalents nor did it understate its losses for the period. In connection therewith, on March 30, 2017, the Company filed with the SEC a report on Form 8-K reporting the restatement, as well as Amendment No. 1 to its Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2016.

## **Recent Accounting Pronouncements**

Apart from the below-mentioned recent accounting pronouncements, there are no new accounting pronouncements that are currently applicable to the Company.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09) and has subsequently issued a number of amendments to ASU 2014-09. The new standard, as amended, provides a single comprehensive model to be used in the accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific guidance. The standard's stated core principle is that an entity should recognize 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 new standard will be effective for us beginning January 1, 2018 and permits two methods of adoption: the full retrospective method, which requires the standard to be applied to each prior period presented, or the modified retrospective method, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet selected the transition method. The Company is currently evaluating the method and timing of its adoption and impact of adopting this new standard on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires that a lessee recognize lease assets and lease liabilities for those leases classified as operating leases. The guidance is effective for interim and annual periods beginning after December 15, 2018, and will be applied at the beginning of the earliest period presented using a modified retrospective approach. This ASU may have a material impact on the Company's financial statements. The impact on the Company's results of operations is currently being evaluated.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, and classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The guidance will be applied prospectively, retrospectively, or by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted, dependent upon the specific amendment that is adopted within the ASU. The adoption of this new guidance did not have a material effect on the consolidated results of operations, cash flows, and financial position.

In December 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230). Restricted Cash: this update clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The new guidance requires a reconciliation of totals in the statement of cash flows to the related cash and cash equivalents and restricted cash captions in the balance sheet. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating the effect that the updated standard will have on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The update removes Step 2 from the goodwill impairment test. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, although early adoption is permitted. The Company is currently evaluating the effect that the updated standard will have on our financial statements.

In May 2017, the FASB issued ASU 2017-09, “Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting,” to provide clarity and reduce both diversity in practice and cost complexity when applying the guidance in Topic 718 to a change to the terms and conditions of a stock-based payment award. ASU 2017-09 also provides guidance about the types of changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in accordance with Topic 718. For all entities, including emerging growth companies, the standard is effective for annual periods beginning after December 15, 2017, and for interim periods therein. Early adoption is permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

### **3. STOCKHOLDERS' EQUITY**

#### **Common and Preferred Stock**

##### *Reverse Stock Split*

At the Company's annual stockholders meeting held on October 28, 2015, (“2015 Stockholders Meeting”) stockholders approved an amendment to the Company's Certificate of Incorporation (the “Charter”) to increase the number of shares of Common Stock authorized for issuance from 180,000,000 to 500,000,000 shares.

Also at the Company's 2015 Stockholder Meeting, its stockholders approved an amendment to the Charter for the purposes of effecting a reverse Common Stock-split at a later time and at any time until the next meeting of the Company's stockholders which are entitled to vote on such actions, by a ratio of not less than 1-for-10 and not more than 1-for-200, and to authorize the Board of Directors (“Board”) to determine, at its discretion, the timing of the amendment and the specific ratio of the reverse stock-split. On August 24, 2016, the Board approved a 1-for-200 reverse stock-split which was effected on September 21, 2016.

On September 20, 2016, the Company announced that on September 21, 2016 it had filed a Certificate of Amendment to its Charter (the “Amendment”) to (i) effect a 1-for-200 reverse stock-split (“reverse split”) of its Common Stock, effective at 8:00 a.m. Eastern Time on September 21, 2016 (the “Effective Time”). Because the Amendment did not reduce the number of authorized shares of Common Stock, the effect of the Amendment was to increase the number of shares of Common Stock available for issuance relative to the number of shares issued and outstanding.

At the Effective Time, immediately and without further action by the Company's stockholders, every 200 shares of the Company's Common Stock issued and outstanding immediately prior to the Effective Time were automatically combined into one share of Common Stock. In the event the reverse split left a stockholder with a fraction of a share, the number of shares due to that stockholder was rounded up. Further, any options, warrants and rights outstanding as of the Effective Time that were subject to adjustment were adjusted in accordance with the terms thereof. These adjustments included, without limitation, changes to the number of shares of Common Stock that would be obtained upon exercise or conversion of such securities, and changes to the applicable exercise or purchase price.

### *Issuance of Common Stock*

On January 15, 2016, the Company engaged an investor relations firm for a 12 month long consulting agreement to provide public and investor relations services. The fee for the services was \$5,000 per month, plus out-of-pocket expenses. As an origination fee for the agreement, the Board approved the issuance of 1,500 shares of common stock to a member of the investor relations firm on January 15, 2016. The agreement with DGI was cancelled in May 2016.

On January 18, 2017, the Company engaged an investor relations firm for a 6-month consulting agreement to provide investor relations services. The monthly fee for the services was comprised of \$4,000, reimbursement for out-of-pocket expenses, and an aggregate of 2,500 shares of Common Stock. On March 15, 2017, the contract with this firm was amended to waive two months of consulting fees, and to cap at the total number of shares of Common Stock payable thereunder at 10,000.

On April 1, 2017, the Company entered into a Master Purchase and Option Agreement with Arcadian Telepsychiatry LLC (“Arcadian”), a Pennsylvania based Limited Liability Company and Mr. Robert Plotkin, who, prior to the transaction, was the sole member and owned 100% of the membership interests in Arcadian. The Company made a \$100,000 capital contribution to Arcadian and issued 1,000 shares of Common Stock to Mr. Plotkin for a membership interest equal to 10% of the outstanding membership interests, together with any and all rights, privileges and interests in Arcadian resulting from, associated with or arising from the purchased membership interests. The value of the 1,000 shares of Common Stock issued on the date of the grant on April 1, 2017, was valued at \$5.90 per share for a total of \$5,900. On June 19, 2017, the Company made an additional \$20,000 capital contribution to Arcadian.

On April 19, 2017 the Company engaged a public relations firm for a 3-month long consulting agreement to provide media advertising services. The monthly fee for the services is \$10,000 and 5,000 shares of Common Stock.

See “--2012 Omnibus Incentive Compensation Plan” below for a discussion of equity based awards granted under the Company’s incentive compensation plan.

### *Conversion of Notes and Cancellation of Warrants*

On September 19, 2016, the Company entered into the Second Omnibus Amendment (the “Second Omnibus Amendment”), with a majority of over 80% of the holders of certain convertible notes issued between September 2014 and August 2016 in aggregate principal amount of \$6,000,000 (the “Notes”), thereby amending: (i) the Notes, (ii) that certain second amended and restated note and warrant purchase agreement dated as of December 23, 2015, as thereafter amended and (iii) the warrants (“Warrants”) issued in connection with the Notes. Pursuant to the Second Omnibus Amendment, the Company had the option, exercisable at any time after September 1, 2016, to mandatorily convert all Notes into shares of the Company’s common stock at \$5.00 per share. The Company exercised its mandatory conversion right on September 19, 2016 and, on September 21, 2016, (i) converted the entire outstanding \$6,000,000 principal balance of the Notes, plus accrued interest of \$317,000 thereon, into an aggregate of 1,263,406 shares of the Company’s common stock at a conversion price of \$5.00 per share, and (ii) cancelled all Warrants *(for details refer to Note 3. The Convertible Debt and Equity Financing of Form 10-K filed with the SEC on December 22, 2016)*.

### *Private Placement of Common Stock*

On November 30, 2016, the Company sold and issued an aggregate of 160,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to six accredited investors, for which it received gross cash proceeds of \$1,000,000. Three of the six accredited investors are affiliates of the Company, and represented 50% of the cash proceeds as follows: Dr. Robin Smith, our Chairman of the Board purchased 16,000 shares for \$100,000; John Pappajohn, a member of the Board, purchased 32,000 shares for \$200,000; and the Tierney Family Trust, of which our former Board member, Thomas Tierney is a trustee, purchased 32,000 shares for \$200,000.

On December 21, 2016, the Company sold and issued an additional 48,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to four accredited investors, for which it received gross cash proceeds of \$300,000.

On December 29, 2016, the Company sold and issued an additional 32,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to two accredited investors, resulting in gross cash proceeds of \$200,000, in which one investor, John Pappajohn, a member of the Board, purchased 16,000 shares for \$100,000.

From February 10, 2017 through March 21, 2017, the Company sold and issued an additional 237,000 shares of its Common Stock, at a per share price of \$6.25, in private placements to four affiliated and accredited investors, resulting in gross cash proceeds to the Company of \$1,481,300. The affiliated investors were as follows: RSJ, purchased 160,000 shares for \$1,000,000; John Pappajohn, a member of the Board, purchased 72,000 shares for \$450,000; Geoffrey Harris is a member of the Board purchased 5,000 shares for \$31,300. RSJ is a greater than 10% stockholder of the Company and Michal Votruba, who serves as a Director for Life Sciences at the RSJ/Gradus Fund, has served as a member of our Board since July 30, 2015. The subscription agreement between the Company and RSJ provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company's technology and/or intellectual property.

These private placements were made pursuant to an exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Regulation D thereunder.

#### *The Aspire Capital Equity Line of Credit*

On December 6, 2016, the Company, entered into a common stock Purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of the Company's common stock. See *Note 1, Nature of Operations—"Aspire Capital Equity Line"*, for additional detail.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of \$7.25, resulting in gross cash proceeds of \$145,000.

The issuance of shares of common stock that may be issued from time to time to Aspire Capital under the Purchase Agreement are exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

#### **Stock-Option Plans**

##### *2006 Stock Incentive Plan*

On August 3, 2006, CNS California adopted the CNS California 2006 Stock Incentive Plan (the "2006 Plan"). The 2006 Plan provides for the issuance of awards in the form of restricted shares, stock options (which may constitute incentive stock options ("ISO") or non-statutory stock options ("NSO")), stock appreciation rights and stock unit grants to eligible employees, directors and consultants and is administered by the Board. A total of 3,339 shares of stock were ultimately reserved for issuance under the 2006 Plan. As of June 30, 2017, there were 2,124 shares outstanding under the amended 2006 Plan and 754 shares remained available for grant upon the expiration of the plan in July 2016. The outstanding options have exercise prices to purchase shares of Common Stock ranging from \$2,400 to \$6,540 with an average exercise price of \$4,118.

##### *2012 Omnibus Incentive Compensation Plan*

On March 22, 2012, our Board approved the MYnd Analytics, Inc. 2012 Omnibus Incentive Compensation Plan (the "2012 Plan"), reserved 1,667 shares of stock for issuance and on December 10, 2012, the Board approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 1,667 shares to 27,500 shares. On March 26, 2013, the Board further approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 27,500 shares to 75,000 shares. The 2012 Plan, as amended, was approved by our stockholders at the 2013 annual meeting held on May 23, 2013.

On April 5, 2016, the Board approved a further amendment of the 2012 Plan to increase the Common Stock authorized for issuance from 75,000 shares to 200,000 shares.

On April 5, 2016, the Board granted options to purchase 7,250 shares of Common Stock under the 2012 Plan to staff members and options to purchase 1,000 shares of Common Stock to our consultant, Decision Calculus Associates (“DCA”). These options vest pro-rata over 12 months starting on the date of grant and have an exercise price of \$5.10 per share, which was the closing price on the OTC.QB of the Company’s Common Stock on the date of grant.

On April 5, 2016, the Board granted shares of Common Stock to Board members as follows: 5,000 shares to our Chairman, Dr. Smith, 2,500 shares to the Chairman of our Audit Committee, Mr. Harris and 1,250 shares to each of our remaining directors, Messrs. Pappajohn, Follman, McAdoo, Sassine and Votruba. Mr. Votruba’s shares are assigned to RSJ Investments SICAV a.s. (formerly RSJ Private Equity investiční fond s proměnným základním kapitálem) (“RSJ”) RSJ PE, where Mr. Votruba is Director for Life Sciences for the RSJ/Gradus Fund. These shares, which are fully vested, were valued at \$5.10 per share, the closing price of the shares on the day of grant, and were valued in aggregate at \$70,100.

Also on April 5, 2016, the Board granted 5,000 shares of Common Stock to each of the two officers of the Company, George Carpenter, CEO and Paul Buck, its former CFO. The shares vest as follows: 50% vested on the date of grant and the remaining 50% vest pro rata over twelve months starting on the date of grant. These shares were valued at \$5.10 per share, the closing price of the shares on the date of grant, and were valued in aggregate at \$51,000. 50% of the value was expensed on the date of grant and remaining 50%, \$25,500. At March 31, 2017 the grant is fully vested.

On September 22, 2016 the Board amended the 2012 Plan to: (i) increase the total number of shares of Common Stock available for grant under the 2012 Plan from 200,000 shares to an aggregate of 500,000 shares, (ii) add an “evergreen” provision which, on January 1<sup>st</sup> of each year through 2022, automatically increases the number of shares subject to the 2012 Plan by the lesser of: (a) a number equal to 10% of the shares of Common Stock authorized under the 2012 Plan as of the preceding December 31st, or (b) an amount, or no amount, as determined by the Board, but in no event may the number of shares of Common Stock authorized under the 2012 Plan exceed 885,781 and (iii) increase the annual individual award limits under the 2012 Plan to 100,000 shares of Common Stock, subject to adjustment in accordance with the 2012 Plan. These amendments to the 2012 Plan were approved by our stockholders at the Annual Meeting held on November 1, 2016.

On September 22, 2016, the Board granted options to purchase 144,000 shares of Common Stock under the 2012 Plan at an exercise price of \$6.00 to certain directors and officers as follows:

- our Chairman Dr. Smith was granted options to purchase 40,000 shares of Common Stock a portion of which vest in accordance with the satisfaction of certain performance criteria;
- our CEO, George Carpenter, was granted options to purchase 32,000 shares of Common Stock some of which vested as follows: (a) 25% vested on the date of grant, (b) 25% vested on the date that we received CNS approval to bill Medicare, (c) 25% vested upon signing a multi-practitioner group to use our PEER technology, and (d) 25% will vest upon signing a healthcare system to use our PEER technology;
- our former CFO, Paul Buck, was granted options to purchase 32,000 shares of Common Stock some of which vested as follows: (a) 25% vested on the date of grant, (b) 25% vested on the date that we received CNS approval to bill Medicare, (c) 25% will vest upon signing a healthcare system to use our PEER technology and (d) 25% will vest upon up-listing to an exchange in 1 year;

- two of our outgoing directors, Mr. McAdoo and Mr. Sassine, were each granted 20,000 fully vested options to purchase Common Stock, these options have an exercise period of 12 months from the date of issuance.

On September 22, 2016, pursuant to the 2012 Plan, the Board granted shares of Common Stock to Board members as follows: 40,000 shares to our Chairman, Dr. Smith, and 20,000 shares to each of our directors, Messrs. Pappajohn, Follman, Harris and Votruba. Mr. Votruba's shares are assigned to RSJ. These shares, were valued at \$6.00 per share, the closing price of the shares on the day of grant, and were valued in aggregate at \$720,000. Our outgoing directors, Mr. McAdoo and Mr. Sassine were offered stock, however, elected to each receive 20,000 fully vested options to purchase shares of Common Stock.

On September 29, 2016, pursuant to the 2012 Plan, the Board granted 20,000 shares of Common Stock to Thomas Tierney upon his appointment to the Board. These shares were valued at \$6.00 per share, the closing price of the shares on the day of grant, and were valued in aggregate at \$120,000.

The stock grants on September 22 and 29, 2016, which combined are valued in aggregate at \$840,000 are being vested over the 12-month period that directors are anticipated to serve until the next annual meeting. For additional information regarding the reclassification of these and certain other grants as Additional Paid in Capital, see "--*Reclassification of Prepaid Stock Compensation as Additional Paid in Capital*".

On October 2, 2016, the Compensation Committee of the Board granted options to purchase 102,000 shares of the Company's Common Stock under the 2012 Plan to staff members. These options vest pro-rata over 12 months starting on the date of grant. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was \$6.00 per share.

On February 16, 2017, the Compensation Committee of the Board granted options to purchase 5,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest pro-rata over 36 months starting on the date of grant. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was \$7.25 per share.

On March 31, 2017, the Compensation Committee of the Board granted options to our Chief Financial Officer Mr. D'Ambrosio to purchase 18,000 shares of the Company's common stock at an exercise price of \$5.90 per share, which was the closing price on the OTC-QB of the Company's Common Stock on the date of grant, with: (i) the option to purchase 15,000 shares vesting in equal monthly installments over 36 months from March 31, 2017, and (ii) the option to purchase 3,000 shares vesting upon the Company's successful listing of its common stock on a national securities exchange.

On May 30, 2017, the Compensation Committee of the Board granted options to purchase 10,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was \$6.00 per share.

As of June 30, 2017, options to purchase 353,546 shares of Common Stock were outstanding under the 2012 Plan with exercise prices ranging from \$5.10 to \$600, with a weighted average exercise price of \$8.58. Additionally, 143,750 restricted shares of Common Stock have been issued under the 2012 Plan, leaving 52,704 shares of Common Stock available to be awarded. Per the abovementioned "evergreen" provision, an additional 50,000 shares were automatically allocated for distribution under the 2012 Plan as of January 1, 2017.

Stock-based compensation expenses are generally recognized over the employees' or service provider's requisite service period, or specific milestones outlined by senior management, generally the vesting period of the award. Stock-based compensation expense included in the accompanying statements of operations for the three and nine months ended June 30, 2017 and 2016 is as follows:

	For the three months ended June 30,	
	2017	2016
Research	\$ 2,200	\$ 10,400
Product development	85,100	15,600
Sales and marketing	23,500	7,700
General and administrative	721,300	7,800
Total	<u>\$ 832,100</u>	<u>\$ 41,500</u>

	For the nine months ended June 30,	
	2017	2016
Research	\$ 10,900	\$ 31,200
Product development	275,500	32,400
Sales and marketing	70,400	22,600
General and administrative	938,000	26,200
<b>Total</b>	<b>\$ 1,294,800</b>	<b>\$ 112,400</b>

Total unrecognized stock-based compensation expense as of June 30, 2017 amounted to \$416,700.

A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2016	223,120	\$ 50.98
Granted	102,000	6.00
Exercised	—	—
Expired	(25)	1,800.00
Outstanding at December 31, 2016	325,095	\$ 36.74
Granted	23,000	6.19
Exercised	—	—
Forfeited	—	—
Outstanding at March 31, 2017	348,095	\$ 34.72
Granted	10,000	6.00
Exercised	—	—
Forfeited	(2,425)	150.52
Outstanding at June 30, 2017	355,670	\$ 33.12

Following is a summary of the status of options outstanding at June 30, 2017:

	Exercise Price (\$)	Number of Shares	Expiration Date	Weighted Average Exercise Price (\$)
<b>2012 Omnibus Incentive Compensation Plan</b>				
\$	5.10	8,250	04/2026	\$ 5.10
	5.90	18,000	03/2027	5.90
	6.00	256,000	09/2026 – 05/2027	6.00
	7.25	5,000	02/2027	7.25
	11.00	8,750	08/2025	11.00
	9.44	43,978	12/2022 – 01/2023	9.44
	50.00	11,227	03/2023 – 01/2025	50.00
	52.00	2,125	07/2024	52.00
	600.00	216	03/2022	600.00
<b>Total 2012 Plan</b>		<b>353,546</b>		<b>\$ 8.94</b>
<b>2006 Stock Incentive Plan</b>				
\$	2,400.00	144	03/2019 – 07/2020	\$ 2,400.00
	2,820.00	51	03/2021	2,820.00
	3,060.00	7	09/2018	3,060.00
	3,300.00	1,250	03/2020	3,300.00
	4,800.00	24	12/2017	4,800.00
	5,340.00	162	09/2017	5,340.00
	5,760.00	61	04/2018	5,760.00
	6,540.00	425	08/2017	6,540.00
<b>Total 2006 Plan</b>		<b>2,124</b>		<b>\$ 4,118.16</b>
<b>Total options outstanding</b>		<b>355,670</b>	Average	<b>\$ 33.12</b>

Total Options outstanding as of 6/30/2017: 355,670, including vested 265,417 shares and unvested 90,253 shares.

## Warrants to Purchase Common Stock

The warrant activity for the period starting October 1, 2016, through June 30, 2017, is described as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2016	7,160	\$ 50.41
Granted	—	—
Exercised	—	—
Expired	(14)	200.00
Forfeited	—	—
Outstanding at December 31, 2016	7,146	\$ 50.12
Granted	—	—
Exercised	—	—
Expired	(251)	103.78
Forfeited	—	—
Outstanding at March 31, 2017	6,895	\$ 48.17
Granted	—	—
Exercised	—	—
Expired	—	—
Forfeited	—	—
Outstanding at June 30, 2017	6,895	\$ 48.17

Following is a summary of the status of warrants outstanding at June 30, 2017:

Exercise Price	Number of Shares	Expiration Date	Weighted Average Exercise Price
\$ 9.44	191	03/2018	\$ 9.44
10.00	4,000(1)	06/2021	10.00
50.00	1,000	07/2017	50.00
55.00	1,620	06/2018 – 03/2019	55.00
1,800.00	84	07/2017	1,800.00
\$ Total	<u>6,895</u>		\$ 48.17

(1) On June 10, 2016, we issued two warrants, pursuant to a Finder's Fee Agreement with Maxim Group LLC, to purchase in aggregate 4,000 shares of Common Stock following the introduction of an accredited investor who entered into a Second Amended Note and Warrant Purchase Agreement in the principal amount of \$200,000. Each warrant is exercisable, in whole or in part, during the period beginning on the date of its issuance, and ending on the earlier of (i) December 31, 2020 and (ii) the date that is forty-five (45) days following the date on which the daily closing price of shares of the Company's Common Stock quoted on the OTCQB Venture Marketplace (or other bulletin board or exchange on which the Company's Common Stock is traded or listed) exceeds \$50.00 for at least ten (10) consecutive trading days. Pursuant to the Finder's Fee Agreement, Maxim was also paid \$20,000 cash for their efforts.

At June 30, 2017, there were warrants outstanding to purchase 6,895 shares of the Company's Common Stock. The exercise prices of the outstanding warrants range from \$9.44 to \$1,800 with a weighted average exercise price of \$48.17. The warrants expire at various times starting 2017 through 2021.

#### 4. PRIOR YEAR REVISION

During the quarter ended June 30, 2017, we revised our consolidated balance sheets as of September 30, 2016, December 31, 2016, and March 31, 2017 to correct the accounting for certain common stock awards granted in 2015 and 2016 to board members. Previously, certain stock grant compensation was presented as prepaid common stock when the compensation should have been recognized ratably as the stock awards vested. The revision, which we determined is not a material error, had no impact on loss from operations, or cash flows.

The impact on the individual line items of our consolidated balance sheets as of September 30, 2016, December 31, 2016, and March 31, 2017 from the adjustment was as follows:

*Consolidated Balance Sheet as of September 30, 2016:*

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 808,000	\$ (808,000)	\$ —
Additional Paid in Capital	\$ 68,275,400	\$ (808,000)	\$ 67,467,400

*Consolidated Balance Sheet as of December 31, 2016:*

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 588,100	\$ (588,100)	\$ —
Additional Paid in Capital	\$ 70,056,100	\$ (588,100)	\$ 69,468,000

*Consolidated Balance Sheet as of March 31, 2017:*

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 368,300	\$ (368,300)	\$ —
Additional Paid in Capital	\$ 71,950,300	\$ (368,300)	\$ 71,582,000

While there was no change to the previously reported net cash used in operating activities for the nine months ended June 30, 2016, we did decrease the "amortization of grant of common stock" and increase "stock-based compensation" by \$128,000. There were no other changes to the previously issued statement of cash flows for the nine months ended June 30, 2016.

## 5. RELATED PARTY TRANSACTIONS

### Notes: Conversion of Notes

Between September 22, 2014, and August 16, 2016, the Company raised an aggregate principal amount of \$6.0 million in Notes, which along with \$317,000 of interest thereon, were converted on September 21, 2016 into 1,263,406 shares of Common Stock at \$5.00 per share. Of the \$6.0 million of Notes sold by the Company, \$5.3 million were purchased by directors, an officer and greater than 5% shareholders of the Company and converted into shares as follows.

		<b>Principal Investment in Convertible Notes</b>	<b>Interest Earned At conversion</b>	<b>Shares Issued on conversion</b>
RSJ	(1)	\$ 2,100,000	122,200	444,454
John Pappajohn	(2)	1,600,000	52,500	290,498
Tierney Family Trust	(3)	640,000	46,600	137,328
Follman Family Trust	(4)	550,000	20,400	114,074
Robin Smith MD	(5)	100,000	3,900	20,776
Geoffrey Harris	(6)	10,000	300	2,058
George Carpenter	(7)	100,000	1,300	20,254
Oman Ventures	(8)	200,000	20,400	44,089
		<u>\$ 5,300,000</u>	<u>267,600</u>	<u>1,073,531</u>

- (1) RSJ is a greater than 10% shareholder. Michal Votruba, a Director for Life Sciences for the RSJ/Gradus Fund, joined our Board on July 30, 2015.
- (2) John Pappajohn is a member of the Board. He purchased \$1,600,000 of Notes of which \$200,000 were assigned to four accredited investors on September 6, 2015. Approximately \$10,400 of the total interest was attributable to such transferred Notes, resulting in an aggregate of 42,084 shares being issued upon the conversion of such transferred Notes.
- (3) Thomas Tierney is a trustee of the Tierney Family Trust. Mr. Tierney was a member of our Board between September 2016 and July 2017, and prior to that, between February 2013 and May 2015. The Tierney Family Trust is a greater than 5% shareholder of the Company.
- (4) Robert Follman is a trustee of the Follman Family Trust and was a member of the Board through July 2017.
- (5) Dr. Robin Smith is the Chairman of the Board.
- (6) Geoffrey Harris is a member of the Board and Chairman of the Audit Committee.
- (7) George Carpenter is the CEO of the Company.
- (8) Mark & Jill Oman are the beneficial owners of Oman Ventures and were greater than 5% shareholders of the Company.

### Cancellation of Warrants

In connection with the issuance of Notes, the Company also issued Warrants to the purchasers of the Notes, including the affiliates referenced above under “—Notes; Conversion of Notes “. Upon conversion of the Notes on September 21, 2016, the Company also cancelled all Warrants issued in connection with such Notes. See *Note 3, Stockholders Equity—Common and Preferred Stock—Conversion of Notes and Cancellation of Warrants*”, for additional detail.

### Transactions with RSJ, Greater than 5% Stockholder

RSJ participated in the Convertible Debt Financing. Please see “—Issuance and Mandatory Conversion of Senior Convertible Notes” and “—Cancellation of Warrants” above for more information.

On March 20, 2017, the Company entered into a subscription agreement (the “Subscription Agreement”) pursuant to which it sold and issued an aggregate of 160,000 shares of Common Stock, at a price of \$6.25 per share, in a private placement to RSJ, for which the Company received gross cash proceeds of \$1,000,000. RSJ is a greater than 10% shareholder. Michal Votruba, a Director for Life Sciences for the RSJ/Gradus Fund, joined our Board on July 30, 2015. Pursuant to the Subscription Agreement, the private placement is not subject to a minimum or maximum amount, and the Company cannot provide any assurances that it will receive any additional amount of proceeds in the private placement. The subscription also provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company’s technology and/or intellectual property.

*Transactions with John Pappajohn, Director*

Mr. Pappajohn participated in the Convertible Debt Financing. Please see “—*Issuance and Mandatory Conversion of Senior Convertible Notes*” and “—*Cancellation of Warrants*” above for more information.

On November 30, 2016, December 29, 2016, February 10, 2017 and March 21, 2017 the Company sold and issued in aggregate 120,000 shares of its Common Stock, at a per share price of \$6.25, in private placements to Mr. Pappajohn, who purchased common stock for \$200,000, \$100,000, \$200,000 and \$250,000 respectively resulting in gross cash proceeds to the Company of \$750,000.

*Transactions with George Carpenter, President and Chief Executive Officer*

Mr. Carpenter participated in the Convertible Debt Financing. Please see “—*Issuance and Mandatory Conversion of Senior Convertible Notes*” and “—*Cancellation of Warrants*” above for more information.

On September 25, 2013, the Board approved a consulting agreement effective May 1, 2013, for marketing services provided by Decision Calculus Associates, an entity operated by Mr. Carpenter’s spouse, Jill Carpenter. Effective August 2015, DCA was engaged at a fee of \$10,000 per month. From August 2015 through February 2017, DCA has been paid \$170,000. The Decision Calculus Associates (“DCA”) contract was renewed at \$3,000 a month effective March 1<sup>st</sup>, 2017.

*Transactions with Tierney Family Trust, Greater than 5% Stockholder*

The Tierney Family Trust participated in the Convertible Debt Financing. Please see “—*Issuance and Mandatory Conversion of Senior Convertible Notes*” and “—*Cancellation of Warrants*” above for more information.

Mr. Tierney resigned from the Board as a Director in July 2017. Mr. Tierney is a trustee of the Thomas T. and Elizabeth C. Tierney Family Trust (the “Tierney Family Trust”), which is a greater than 5% stockholder.

On November 30, 2016, the Company sold and issued 32,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to the Tierney Family Trust, resulting in gross cash proceeds of \$200,000.

*Transactions with Robin L. Smith MD, Chairman of the Board*

Dr. Smith participated in the Convertible Debt Financing. Please see “—*Issuance and Mandatory Conversion of Senior Convertible Notes*” and “—*Cancellation of Warrants*” above for more information.

On November 30, 2016, the Company sold and issued a 16,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to Dr. Smith resulting in gross cash proceeds of \$100,000.

On July 14, 2017, the Company entered into a Chairman Services Agreement with Dr. Smith, pursuant to which Dr. Smith is entitled to receive certain cash and other compensation. For more details regarding Dr. Smith’s agreement please refer to the Company’s Form 8-K filed on July 14, 2017.

*Transactions with Geoffrey E. Harris, Director*

Mr. Harris participated in the Convertible Debt Financing. Please see “—*Issuance and Mandatory Conversion of Senior Convertible Notes*” and “—*Cancellation of Warrants*” above for more information.

On March 3, 2017, the Company sold and issued a 5,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to Mr. Harris resulting in gross cash proceeds of \$31,250.

On March 14, 2017, the Company and Mr. Donald E. D'Ambrosio entered into a letter agreement of employment setting forth Mr. D'Ambrosio's compensation and certain other employment terms. Mr. D'Ambrosio was named the Company's Chief Financial Officer and Secretary, effective March 31, 2017.

On March 31, 2017, Mr. Paul Buck retired as the Company's Chief Financial Officer and Secretary. Mr. Buck indicated his intention to remain with the company as a consultant pursuant to the terms of a separation agreement.

## 6. LOSS PER SHARE

In accordance with ASC 260-10 (formerly SFAS 128, "Computation of Earnings Per Share"), basic net income (loss) per share is computed by dividing the net income (loss) to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and dilutive common equivalent shares outstanding during the period. For the three-month and nine-month periods ended June 30, 2017 and 2016, the Company has excluded all common equivalent shares from the calculation of diluted net loss per share as such securities are anti-dilutive.

A summary of the net income (loss) and shares used to compute net income (loss) per share for the three-month and nine-month periods ended June 30, 2017 and 2016 is as follows:

	<b>Three months ended June 30,</b>	
	2017	2016
Net Loss for computation of basic and diluted net loss per share:		
Net loss	\$ (1,572,400)	\$ (1,354,400)
Basic and Diluted net loss per share:		
Basic net loss per share	\$ (0.62)	\$ (2.53)
Basic and Diluted weighted average shares outstanding	2,535,394	535,805
Anti-dilutive common equivalent shares not included in the computation of dilutive net loss per share:		
Convertible debt	—	493,618
Warrants	6,895	490,733
Options	353,145	78,944
	<b>Nine months ended June 30,</b>	
	2017	2016
Net Loss for computation of basic and diluted net loss per share:		
Net loss	\$ (4,464,600)	\$ (4,948,400)
Basic and Diluted net loss per share:		
Basic net loss per share	\$ (1.91)	\$ (9.50)
Basic and Diluted weighted average shares outstanding	2,336,283	520,412
Anti-dilutive common equivalent shares not included in the computation of dilutive net loss per share:		
Convertible debt	—	408,653
Warrants	7,027	309,768
Options	337,559	73,747

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

### *Litigation*

From time to time, the Company may be involved in litigation relating to claims arising out of the Company's operations in the ordinary course of business. The Company is not currently party to any legal proceedings, the adverse outcome of which, in the Company's management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations or financial position.

### *Lease Commitments*

The Company's Headquarters and Neurometric Services business is located at 26522 La Alameda, Suite 290, Mission Viejo, CA 92691, which is 2,290 square feet. The lease period commenced on February 1, 2016 and terminates on January 31, 2018. The rent for the first four months was \$2,290 per month, which is abated by 50%; for months 5 through 12 the rent increased to \$4,580 per month and for the final 12 months the rent will increase by 5% to \$4,809 per month.

On February 2, 2016, we signed a 23.5 month lease for 1,092 square feet of office space to house our EEG testing center. The premises are located at 25201 Paseo De Alicia, Laguna Hills, CA 92653. The lease period commenced on February 15, 2016 and terminates on January 31, 2018. The rent for first half month of February was prorated at \$928; for the next 11 months the rent was \$1,856 per month, and for the remaining twelve months the rent will increase by 3% to \$1,911 per month. The landlord abated the rent for March 2016 and will apply \$1,911 of the security deposit on account against the base rent due for February 2017.

The Company incurred rent expense \$18,200 and \$18,200 for the three months ended June 30, 2017 and three months ended June 30, 2016 respectively. The Company incurred rent expense \$54,700 and \$46,700 for the nine months ended June 30, 2017 and nine months ended June 30, 2016 respectively.

On January 20, 2016, we entered into a financial lease to acquire a Canon Copier costing \$6,700. The term of the lease is 60 months ending January 2021 with a monthly payment of \$135. As of June 30, 2017 the remaining principal lease obligation is \$5,800, of which \$400 is due in Q4 2017, \$1,600 is due per year for the years 2018-2020; and \$600 due in 2021.

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Operating Lease Obligations	\$ 47,100	\$ 47,100	\$ —	—	—
Capital Lease Obligations	5,800	400	4,800	600	—
Total	<u>\$ 52,900</u>	<u>\$ 47,500</u>	<u>\$ 4,800</u>	<u>600</u>	<u>—</u>

## 8. SUBSEQUENT EVENTS

Events subsequent to June 30, 2017 have been evaluated through the date that these financial statements were issued in order to determine whether any events should be disclosed to keep the financial statements from being misleading. The following events have occurred since June 30, 2017.

### *Public Offering*

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of \$5.25 per share and accompanying Warrant, for a total offering size of \$8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of \$5.25 per share, subject to adjustments, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to an 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any.

### *Chairman Services Agreement*

On July 14, 2017, the Company entered into a Chairman Services Agreement (the "Agreement") with Robin L. Smith, M.D., the Chairman of the Company's board of directors (the "Board"). The Agreement became effective on July 14, 2017 (the date the Company's securities were initially listed on The Nasdaq Capital Market) (the "Effective Date") and will remain in effect until the earlier of: (a) termination of the Agreement by mutual agreement of Dr. Smith and the Company, and (b) the eighteen (18) month anniversary of the Effective Date (the "Initial Period"); provided that the Agreement may be automatically extended for additional one year periods thereafter (such period, the "Term").

During the Term, and subject to the terms and conditions of the Agreement, Dr. Smith will provide non-exclusive advisory and management services to the Company, which may include advice and assistance concerning: strategic vision and planning; identification of growth and expansion opportunities; financial planning; and corporate partnering and business development (collectively, the "Services"). Under the Agreement, Dr. Smith is entitled to an annual cash fee of \$300,000 (the "Annual Fee"), payable in equal monthly installments. For the 2017 calendar year, Dr. Smith is entitled to be paid the full amount of the Annual Fee. Dr. Smith will remain eligible to receive additional cash bonus awards as determined by the compensation committee of the Board. The Company will pay the associated taxes, federal and state, for certain awards of restricted shares issued to Dr. Smith.

Pursuant to the Agreement, Dr. Smith is also entitled to receive the following equity awards: (a) on the Effective Date, a grant of 25,000 shares of restricted stock (vesting immediately) under the Company's 2012 Omnibus Incentive Compensation Plan (the "Plan"); (b) on the Effective Date, options to purchase 75,000 shares of Common Stock under the Plan (subject to stockholder approval of an increase to the amount of shares available under the Company's 2012 Plan at the Company's 2017 annual meeting of stockholders); and (c) on the date of the Company's 2017 annual meeting of stockholders, if and only if certain proposed amendments to the Plan are approved to increase individual annual award limits, an award of options to purchase 50,000 shares of Common Stock (the "2017 Option Award"). In addition, at each annual meeting of stockholders of the Company thereafter beginning in 2018 during the Term, Dr. Smith will be entitled to receive a grant of 25,000 shares of restricted stock (vesting immediately) under the Plan and options to purchase 75,000 shares of Common Stock under the Plan. Other than the 2017 Option Award, all options granted under the Agreement will vest 1/3 on the date of grant, 1/3 on the six month anniversary of the date of grant and 1/3 on the twelve month anniversary of the date of grant. The 2017 Option Award will vest on December 1, 2018. Pursuant to the Agreement, all options owned by Dr. Smith will remain exercisable for a period of 10 years from the date of grant, even if Dr. Smith is no longer with the Company.

### *Declaration of Warrant Dividend*

On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. The warrants, which were distributed pro rata to all holders of common stock on the record date, will be exercisable (in accordance with their terms) to purchase one share of common stock for every share held on the record date by such stockholders, at an exercise price of \$5.25 per share. The warrants will become exercisable commencing not less than 12 months following the distribution date and will expire five years thereafter.

### *Investment in Arcadian*

On April 1, 2017, the Company entered into a Master Purchase and Option Agreement with Arcadian Telepsychiatry LLC ("Arcadian"), a Pennsylvania based Limited Liability Company and Mr. Robert Plotkin. Consideration paid for a 10% equity interest in Arcadian was in the form of (i) a \$100,000 capital contribution to Arcadian and (ii) the issuance of 1,000 shares of Common Stock to Mr. Plotkin. On June 19, 2017, the Company made an additional \$20,000 capital contribution to Arcadian. From July 6, 2017 through August 7, 2017 the Company made an additional \$70,000 capital contribution to Arcadian. As of August 14th, the Company's cumulative equity interest in Arcadian is 19%.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with our unaudited condensed consolidated financial statements as of, and for, the three and nine months ended June 30, 2017 and 2016, and our Annual Report on Form 10-K for the year ended September 30, 2016, filed with the U.S. Securities and Exchange Commission on December 22, 2016.

### Forward-Looking Statements

This discussion summarizes the significant factors affecting the unaudited condensed consolidated operating results, financial condition and liquidity and cash flows of MYnd Analytics, Inc. ("we," "us," "our," or the "Company") for the three and nine months ended June 30, 2017 and 2016. Except for historical information, the matters discussed in this management's discussion and analysis or plan of operation and elsewhere in this Quarterly Report on Form 10-Q are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new products or services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes" and "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- our need for immediate additional funding to support our operations and capital expenditures;
- our ability to successfully maintain listing of our shares of common stock on the Nasdaq Capital Market;
- our working capital deficit;
- our history of operating losses;
- our inability to gain widespread acceptance of our PEER Reports;
- our inability to prevail in convincing the United States Food and Drug Administration (the "FDA"), that our rEEG or PEER Online service does not constitute a medical device and should, therefore, not be subject to regulations;
- the possible imposition of fines or penalties by the FDA for alleged violations of its rules and regulations;
- our revenue and prospects for profitability may be harmed;
- our business may be subject to additional regulations in the future that could increase our compliance costs;
- our operating results may fluctuate significantly and our stock price could decline or fluctuate if our results do not meet the expectation of analysts or investors;
- our intellectual property position;
- our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;
- any negative or unfavorable media coverage;
- our inability to generate and commercialize additional products and services;

- our inability to comply with the substantial and evolving regulation by state and federal authorities, which could hinder, delay or prevent us from commercializing our products and services;
- our inability to successfully compete against existing and future competitors;
- delays or failure in clinical trials;
- any losses we may incur as a result of litigation;
- our inability to manage and maintain the growth of our business;
- our inability to protect our intellectual property rights;
- employee relations;
- possible security breaches;
- our ability to sell common stock to Aspire Capital Fund LLC under our current common stock purchase agreement;
- possible personal injury claims in the future; and
- our limited trading volume.

*Additional risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied in our written or oral forward-looking statements may be found and in our Annual Report on Form 10-K for the year ended September 30, 2016 under the headings “Risk Factors” and “Business,” as updated in this Quarterly Report on Form 10-Q.*

*Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.*

## **Overview**

MYnd Analytics, Inc. (“we”, “us” or the “Company”), is a predictive analytics company that has developed a decision support tool to help physicians reduce trial and error treatment in mental health and provide more personalized care to patients. We provide objective clinical decision support to healthcare providers for the personalized treatment of behavioral disorders, including depression, anxiety, bipolar disorder, post-traumatic stress disorder (“PTSD”) and other non-psychotic disorders. We use our proprietary neurometric platform, PEER Online, to generate Psychiatric EEG Evaluation Registry (“PEER”) Reports to predict the likelihood of response by an individual to a range of medications prescribed for the treatment of behavioral disorders. We will continue to be focused on military personnel and their family members who are suffering from depression, PTSD and mild traumatic brain injury (“mTBI”) through the military and veterans, and Canadian Armed Forces, expand commercially through the payer and self-insured markets, multi-physician and multi-practice provider groups as well as direct to consumer sales and seek to expand our data base includes younger adults and adolescents.

## **Working Capital**

Since our inception, we have never been profitable and we have generated significant net losses. As of June 30, 2017, we had an accumulated deficit of approximately \$73.0 million; at our fiscal year ended September 30, 2016, our accumulated deficit was \$68.5 million and as of June 30, 2016, we had an accumulated deficit of approximately \$67.5 million. We incurred operating losses of \$4.4 million and \$2.1 million for the nine month periods ended June 30, 2017 and 2016, respectively, and incurred net losses of \$4.4 million and \$4.9 million for those respective periods. Large, non-cash, accounting transactions significantly impacted the net losses for the 2016 period.

For the nine-month period ended June 30, 2017, other expenses were \$5,800. For the nine-month period ended June 30, 2016, other expenses were approximately \$2.8 million, which included approximately \$2.3 million as a result of accounting for the loss on extinguishment of debt, approximately \$1.2 million of related interest expense and approximately \$1.0 million of gain on derivative liability transactions. These non-cash charges are primarily the result of amendments to the terms of our convertible notes payable along with the issuance of warrants pursuant to our fund raising.

We anticipate that a substantial portion of any capital resources and efforts would be focused on conducting our clinical trials, the scale-up of our commercial sales organization, further research, product development and other general corporate purposes, including accrued but unpaid expenses. We also anticipate that some future research and development projects would be funded by grants or third-party sponsorship, along with funding by the Company.

As of June 30, 2017, our current liabilities of approximately \$2.16 million exceeded our current assets of approximately \$0.54 million by approximately \$1.62 million. Whereas, at June 30, 2016, our current liabilities of \$1.87 million exceeded our current assets of \$0.61 million by \$1.26 million, and at our fiscal year end, September 30, 2016, our current liabilities of \$1.54 million also exceeded our current assets of \$0.40 million by \$1.14 million. During the nine-month period ended June 30, 2017, we raised gross cash proceeds of \$2.98 million from private placements of Common Stock at \$6.25 per share. For details of these financings see “— *Private Placement Transactions—Private Placement of Common Stock* ” below. In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million.

On December 6, 2016, the Company, entered into a common stock purchase agreement (the “Purchase Agreement”) with Aspire Capital Fund, LLC (“Aspire Capital”) which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company’s common stock over the 30-month term of the Purchase Agreement. For details of the Purchase Agreement financing see “— *Private Placement Transactions—The Aspire Capital Equity Line*” below.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of its Common Stock, at a per share price of \$7.25, resulting in gross cash proceeds to the Company of \$145,000.

#### **Private Placement Transactions**

##### *Conversion of Convertible Notes; Cancellation of Warrants; Private Placement Of Common Stock*

On September 19, 2016, the Company entered into the Second Omnibus Amendment (the “Second Omnibus Amendment”), with a majority of over 80% of the holders of certain convertible notes issued between September 22, 2014 and August 16, 2016 in the aggregate principal amount of \$6,000,000 (the “Notes”), thereby amending: (i) the Notes, (ii) that certain second amended and restated note and warrant purchase agreement dated as of December 23, 2015, as thereafter amended and (iii) the warrants (“Warrants”) issued in connection with the Notes. Pursuant to the Second Omnibus Amendment, the Company had the option, exercisable at any time after September 1, 2016, to mandatorily convert all Notes into shares of Common Stock at \$5.00 per share. The Company exercised its mandatory conversion right on September 19, 2016 and, on September 21, 2016, (i) converted the entire outstanding \$6,000,000 principal balance of the Notes, plus accrued interest of \$317,000 thereon, into an aggregate of 1,263,406 shares of the Company’s common stock at a conversion price of \$5.00 per share, and (ii) cancelled all Warrants. Of the \$6.0 million Notes sold by the Company, \$5.3 million were purchased by directors, and an officer of the company and greater than 5% shareholders of the Company.

##### *Private Placement of Common Stock*

On November 30, 2016, the Company sold and issued an aggregate of 160,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to six accredited investors, for which it received gross cash proceeds of \$1,000,000. Three of the six accredited investors were affiliates and represented 50% of the cash proceeds as follows: Dr. Robin Smith, our Chairman of the Board, purchased 16,000 shares for \$100,000; John Pappajohn, a member of the Board, purchased 32,000 shares for \$200,000; and the Tierney Family Trust, of which our former Board member, Thomas Tierney is a trustee, purchased 32,000 shares for \$200,000. In connection with this private placement, certain investors (comprised of our executive officers, current and certain former directors) agreed to a 180-day “lock-up”, commencing on November 30, 2016, with respect to shares of Common Stock and other of our securities that they beneficially own, including securities that are convertible into shares of Common Stock and securities that are exchangeable or exercisable for shares of Common Stock. As a result, subject to certain exceptions, for a period of 180 days following November 30, 2016, such persons may not offer, sell, pledge or otherwise dispose of these securities without the Company’s prior written consent.

On December 21, 2016, and on December 29, 2016, the Company sold and issued an aggregate of 80,000 shares of its Common Stock, at a per share price of \$6.25, in private placements to a total of six accredited investors, consisting of one of an affiliate and five investors who were new to the Company. The Company received gross cash proceeds of \$500,000. The affiliate investor was Mr. Pappajohn, a member of the Board, who purchased 16,000 shares for \$100,000.

From February 10, 2017 through March 21, 2017, the Company sold and issued an additional 237,000 shares of its Common Stock, at a per share price of \$6.25, in a private placement to four affiliated accredited investors, resulting in gross cash proceeds to the Company of \$1,481,250. The affiliated investors were as follows: RSJ PE a greater than 10% shareholder and where Mr. Votruba (a member of our Board) is Director for Life Sciences for the RSJ/Gradus Fund, purchased 160,000 shares for \$1,000,000; John Pappajohn, a member of the Board, purchased 72,000 shares for \$450,000; and Geoffrey Harris, a member of the Board purchased 5,000 shares for \$31,250, representing the aggregate gross proceeds to the Company. The subscription agreement between the Company and RSJ provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company's technology and/or intellectual property.

#### *The Aspire Capital Equity Line*

On December 6, 2016, the Company, entered into a common stock Purchase Agreement with Aspire Capital which is committed to purchase up to an aggregate of \$10.0 million of shares of Common Stock over the 30-month term of the Purchase Agreement which began on February 10, 2017. Concurrent with entering into the Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital (the "Registration Rights Agreement"), pursuant to which the Company maintains an effective registration statement registering the sale of the shares of Common Stock that have been and may be issued to Aspire Capital under the Purchase Agreement.

Under the Purchase Agreement, upon the terms and subject to the conditions and limitations set forth therein, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

- a) the lowest sale price of Common Stock on the purchase date; or
- b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which the Company submits a purchase notice to Aspire Capital in an amount equal to 50,000 shares and the closing sale price of the Company's stock is greater than \$0.50 per share, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Common Stock is less than \$0.50. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "Commitment Shares"). The Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Purchase Agreement. Any proceeds from the Company receives under the Purchase Agreement are expected to be used for working capital and general corporate purposes.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of its Common Stock, at a per share price of \$7.25, resulting in gross cash proceeds to the Company of \$145,000.

As of August 14, 2017, approximately \$9.9 million under the Purchase Agreement remains available for sale to Aspire Capital.

The issuance of the Commitment Shares and all other shares of Common Stock that may be issued from time to time to Aspire Capital under the Purchase Agreement are exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

### **Public Offering**

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of \$5.25 per share and accompanying Warrant, for a total offering size of \$8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of \$5.25 per share, subject to adjustments, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to an 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any.

### **Capitalization**

At our annual meeting of stockholders held on October 28, 2015 (the "2015 Stockholder Meeting"), our stockholders approved a proposal to amend the Company's Certificate of Incorporation (the "Charter") in order to increase the number of shares of Common Stock authorized for issuance from 180,000,000 to 500,000,000.

On September 21, 2016, we effected a 1-for-200 reverse stock-split that was previously approved by our stockholders.

On September 19, 2016, pursuant to the Second Omnibus Amendment, the Company exercised a mandatory conversion right and, on September 21, 2016: (i) converted the entire outstanding principal balance of \$6,000,000, plus accrued interest of \$317,000 on all Notes into 1,263,406 shares of the Company's Common Stock at a conversion price of \$5.00 per share and (ii) cancelled all 600,000 Warrants issued in connection with the Notes.

On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. Warrants to purchase 2,539,061 shares of Common Stock were distributed pro rata to all holders of common stock on the record date. These warrants will be exercisable (in accordance with their terms) to purchase one share of common stock, at an exercise price of \$5.25 per share. The warrants will become exercisable commencing not less than 12 months following their July 27, 2017 distribution date and will expire five years thereafter.

On July 19, 2017, the Company issued 1,675,000 shares of Common Stock and accompanying Warrants to purchase up to 1,675,000 shares of Common Stock in connection with an underwritten public offering.

	Shares
Shares of Common Stock Authorized	500,000,000
Shares of Preferred stock Authorized (none issued and outstanding)	15,000,000
<b>Total Authorized Shares</b>	<b>515,000,000</b>
Shares of Common Stock Issued and Outstanding at June 30, 2017	2,539,061
Common Stock issuable upon the exercise of outstanding stock options at June 30, 2017	353,546(1)
Common Stock issued under Chairman Services Agreement on July 14, 2017	25,000
Common Stock issuable upon the exercise of outstanding warrants at June 30, 2017	6,895(1)
Expired Warrants at August 14, 2017	(1,084)
Public Offering Warrants at July 19, 2017	1,675,000
Dividend warrants to shareholders of record on date of Public Offering at July 19, 2017	2,539,061
<b>Total securities outstanding and reserved for issuance at August 14, 2017</b>	<b>7,137,479</b>

1) For more detail on the exercise prices and expiration dates of the options and warrants please refer to the "Stock Option Plans" and "Warrants to Purchase Common Stock" sections of Note 3. Stockholders' Equity of the Unaudited Condensed Consolidated Financial Statements.

#### Prior Year Revision

During the quarter ended June 30, 2017, we revised our consolidated balance sheets as of September 30, 2016, December 31, 2016, and March 31, 2017 to correct the accounting for certain common stock awards granted in 2015 and 2016 to board members. Previously, certain stock grant compensation was presented as prepaid common stock when the compensation should have been recognized ratably as the stock awards vested. The revision, which we determined is not a material error, had no impact on loss from operations, or cash flows.

The impact on the individual line items of our consolidated balance sheets as of September 30, 2016, December 31, 2016, and March 31, 2017 from the adjustment was as follows:

*Consolidated Balance Sheet as of September 30, 2016:*

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 808,000	\$ (808,000)	\$ —
Additional Paid in Capital	\$ 68,275,400	\$ (808,000)	\$ 67,467,400

*Consolidated Balance Sheet as of December 31, 2016:*

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 588,100	\$ (588,100)	\$ —
Additional Paid in Capital	\$ 70,056,100	\$ (588,100)	\$ 69,468,000

Consolidated Balance Sheet as of March 31, 2017:

	Previously Reported	Adjustments	Revised
Prepaid Common Stock	\$ 368,300	\$ (368,300)	\$ —
Additional Paid in Capital	\$ 71,950,300	\$ (368,300)	\$ 71,582,000

While there was no change to the previously reported net cash used in operating activities for the nine months ended June 30, 2016, we did decrease the “amortization of grant of common stock” and increase “stock-based compensation” by \$128,000. There were no other changes to the previously issued statement of cash flows for the nine months ended June 30, 2016.

### Financial Operations Overview

#### *Critical Accounting Policies and Significant Judgments and Estimates*

This management’s discussion and analysis of financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this report. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our unaudited condensed consolidated financial statements.

#### *Revenue Recognition*

The Company recognizes revenue on services, being the delivery of PEER Reports to medical providers, in accordance with the Financial Accounting Standards Board (“FASB”) ASC No. 605, “Revenue Recognition.” In all cases, revenue is recognized when we have persuasive evidence of an arrangement, a determinable fee, when collection is considered to be reasonably assured and the services have been delivered.

#### *Stock-based Compensation Expense*

Stock-based compensation expense, which is a non-cash charge, results from stock option grants. Compensation cost is measured at the grant date based on the calculated fair value of the award. We recognize stock-based compensation expense on a straight-line basis over the vesting period of the underlying option.

#### *Long-Lived Assets and Intangible Assets*

Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. If the Company determines that the carrying value of the asset is not recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived or intangible asset exceeds its fair value. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives of ten years.

## Results of Operations for the three months ended June 30, 2017 and 2016

Our operations consist solely of our Neurometric Services business which is focused on the delivery of PEER Reports that enable psychiatrists and other physicians/prescribers to make more informed, patient-specific decisions when treating individual patients for behavioral (psychiatric and/or addictive) disorders based on the patient's own physiology.

The following table presents consolidated statement of operations data for each of the periods:

### Revenues

	Three months ended June 30,		Percent Change
	2017	2016	
Neurometric Service Revenues	\$ 40,400	\$ 21,100	91%

The number of paid PEER Reports delivered for the three month period ended June 30, 2017, was 90 reports compared to 50 for the same period in the prior year. The average revenue was \$443.94 per PEER Report for the quarter ended June 30, 2017. The total numbers of free PEER Reports processed were 85 and 5 for the quarters ended June 30, 2017 and 2016 respectively. These free PEER Reports are used for training, database-enhancement and compassionate-use purposes.

### Cost of revenues

	Three months ended June 30,		Percent Change
	2017	2016	
<b>Cost of revenues</b>			
Neurometric Services	\$ 16,200	\$ 1,500	980%

The cost of Neurometric Services revenues includes consulting fees, payroll (includes stock-based compensation), and other costs in relation to the revenue recognized during the nine months ended June 30, 2017 and June 30, 2016 respectively.

<b>Key Expense Categories</b>	Three months ended June 30,		Change
	2017	2016	
(1) Consulting fees	16,200	1,500	14,700
Total Costs of Revenues	\$ 16,200	\$ 1,500	\$ 14,700

(1) Consulting fees increased for the quarter ended June 30, 2017, as we are using more consultants to process EEG readings for patients.

### Research

	Three months ended June 30,		Percent Change
	2017	2016	
<b>Research</b>			
Neurometric Services	\$ 40,600	\$ 17,500	132%

Research expenses consist of payroll costs (including stock-based compensation), consulting fees and other miscellaneous costs which were as follows:

<b>Key Expense Categories</b>	<b>Three months ended</b>		
	<b>June 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
(1) Salary and benefit costs	\$ 2,200	\$ 10,400	\$ (8,200)
(2) Consulting fees	36,000	4,800	31,200
(3) Other miscellaneous costs	2,400	2,300	100
Total Research	<u>\$ 40,600</u>	<u>\$ 17,500</u>	<u>\$ 23,100</u>

Comparing the three-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salary and benefit costs, which are solely comprised of stock-based compensation decreased for the 2017 and 2016 periods due to certain stock-based compensation fully vested; and
- (2) Consulting costs increased in the current period as a result of a new consulting agreement with our Medical Officer for the monitoring of the clinical trials and the training of clinical trial investigators and new PEER Online users. Additionally, our Medical Officer is advising the Company on clinical trial design and product development. The Company also entered into a consulting agreement with a second physician to assist with the training of clinical trial investigators on the PEER Report allowing them to participate in the SMART-MD trial, and consult with other physicians in the use and interpretation of the PEER Report; and
- (3) Other miscellaneous costs for the 2017 and 2016 periods were substantially unchanged.

#### **Product Development**

<b>Product Development</b>	<b>Three months ended</b>		<b>Percent Change</b>
	<b>June 30,</b>		
	<b>2017</b>	<b>2016</b>	
Neurometric Services	\$ 278,900	\$ 224,900	24%

Product Development expenses consist of payroll costs (including stock-based compensation), consulting fees, system development costs, travel and miscellaneous costs which were as follows:

<b>Key Expense Categories</b>	<b>Three months ended</b>		
	<b>June 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
(1) Salaries and benefit costs	\$ 187,100	\$ 124,400	\$ 62,700
(2) Consulting fees	49,600	59,500	(9,900)
(3) System development costs	18,900	20,300	(1,400)
(4) Conference and travel costs	10,600	3,800	6,800
(5) Other miscellaneous costs	12,700	16,900	(4,200)
Total Product Development	<u>\$ 278,900</u>	<u>\$ 224,900</u>	<u>\$ 54,000</u>

Comparing the three-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefits increased by a net \$62,700 in the 2017 period, \$76,800 of which was related to stock-based compensation of new stock options which were granted in October 2016. The remainder was offset by paid time off taken during this period; and
- (2) Consulting fees decreased by \$9,900 for the 2017, due to less consulting hours.
- (3) System development and maintenance costs decreased slightly in the 2017 period, due to decreased system maintenance costs. Costs associated with the development of our Outcomes Application are currently being capitalized and will be depreciated over the application's expected economic life; and

- (4) Conference and travel costs increased by \$6,800 due to travel for the Canadian Armed Forces Trial and to initiate the SMART-MD trial with Carolina Partners; and
- (5) Other miscellaneous expenses decreased slightly for both periods.

### Sales and Marketing

	Three months ended June 30,		Percent Change
	2017	2016	
<b>Sales and Marketing</b>			
Neurometric Services	\$ 292,100	\$ 158,100	85%

Sales and marketing expenses associated with our Neurometric Services business consist primarily of payroll and benefit costs, including stock-based compensation, advertising and marketing, consulting fees and miscellaneous expenses. The reason for the change in these expenses is discussed below.

Key Expense Categories	Three months ended June 30,		Change
	2017	2016	
(1) Salaries and benefit costs	\$ 111,600	\$ 35,800	\$ 75,800
(2) Consulting fees	120,000	39,300	80,700
(3) Advertising and marketing costs	37,200	63,200	(26,000)
(4) Conference and travel costs	1,300	—	1,300
(5) Other miscellaneous costs	22,000	19,800	2,200
Total Sales and marketing	\$ 292,100	\$ 158,100	\$ 134,000

Comparing the three-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefits for the 2017 period, increased by \$75,800 from the 2016 period; of this amount \$15,800 was due to stock-based compensation of new stock options which were granted in October 2016, the remainder relates to hiring a new marketing sales staff which increased salaries; and
- (2) Consulting fees increased by \$80,700 between the 2017 and 2016 periods: Initially, there was a reduction of \$21,000 from renegotiating our contract with a consultant to \$3,000 per month; however, the reduction was offset by increases with marketing consultants. An increase of \$40,000 was related to hiring a consultant to assist the Company with engaging with payers, health systems, provider networks, and strategic partners; an increase of \$18,800 from the prior period was related to a media consultant managing our Facebook advertising, and a consultant with public relations. The remaining \$43,000 increase relates to consultants directly related to the operations support; and
- (3) Advertising and marketing expenses decreased by \$26,000 between the 2017 and 2016 periods: Social media advertising costs focused on the Southern California, North Carolina and San Francisco markets, this program started at the end of the quarter. During the 2016 period social media advertising costs focused on the Southern California market; and
- (4) Conference and travel costs increased by \$1,300 due to hiring a marketing sales staff for the Southeast Region to work on revenue generating sales and account management activities with physicians, health systems and providers in the following states; North Carolina, South Carolina, and Georgia. The costs associated were contributed to travel to and from North Carolina and Corporate Office in California; and
- (5) Miscellaneous expenditures minor change for the 2017 and 2016 periods.

*General and administrative*

	Three months ended June 30,		Percent Change
	2017	2016	
<b>General and Administrative</b>			
Neurometric Services	\$ 966,800	\$ 428,300	125%

General and administrative expenses for our Neurometric Services business are largely comprised of payroll and benefit costs, including stock-based compensation, legal fees, other professional and consulting fees, patent costs, general administrative and occupancy costs, dues and subscriptions, conference, travel and miscellaneous costs. The reason for the change in these expenses are discussed below.

Key Expense Categories	Three months ended June 30,		
	2017	2016	Change
(1) Salaries and benefit costs	\$ 469,000	\$ 275,800	\$ 193,200
(2) Legal fees	132,000	19,600	112,400
(3) Other professional and consulting fees	110,800	20,000	90,800
(4) Patent costs	18,000	24,800	(6,800)
(5) Marketing and investor relations costs	95,800	6,300	89,500
(6) Conference and travel costs	34,200	7,300	26,900
(7) Dues & subscriptions fees	31,500	19,300	12,200
(8) General administrative and occupancy costs	75,500	55,200	20,300
<b>Total General and administrative costs</b>	<b>\$ 966,800</b>	<b>\$ 428,300</b>	<b>\$ 538,500</b>

Comparing the three-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefit expenses increased by \$193,200 between the 2017 and 2016 periods; \$163,200 was related to the vesting of stock options granted in September 2016 and October 2016 to Directors and Officers which are being vested over a 12-month period; the remaining balance relates to addition of in house general counsel; and
- (2) Legal fees showed a net increase of \$112,400 between the 2017 and 2016 periods: of this increase \$34,300 related to legal fees associated with our fund raising activities; \$13,600 related to legal fees for the review of the Aspire Capital Equity Purchase Agreement; \$64,500 related to specialty healthcare legal advice; the balance relates to general legal fees which was the same for both periods; and
- (3) Other professional and consulting fees showed a net increase of \$90,800 between the 2017 and 2016 periods. Of this increase \$47,100 related to operations consulting fees; the remaining \$42,000 related to placement agency for staffing; and
- (4) Patent costs decreased by \$6,800 due to the timing and volume of patent and trademark applications and maintenance costs;
- (5) Marketing and investor relations costs increased by \$89,500 between the 2017 and 2016 periods, as we engaged a public relations firm.
- (6) Conference and travel increased by a net \$26,900 between the 2017 and 2016 periods, primarily due to conferences attended, increased travel by our executive management for meetings with investors, healthcare payers and providers on the East Coast.
- (7) Dues and subscription increased by a net \$12,200 between the 2017 and 2016 periods.

- (8) General administrative and occupancy expenses increased by \$20,300 between the 2017 and 2016 periods, \$6,700 due to amortization of our Patient Reported Outcomes application which was capitalized during development as an intangible asset and is now being amortized over a 36-month period; \$7,200 related to depreciation of additional EEG machines purchased; the remainder increase relates to increased operating cost.

**Other Income and Expense**

	<b>Three months ended June 30,</b>		<b>Percent Change</b>
	<b>2017</b>	<b>2016</b>	
<b>Other Income (Expense)</b>			
Neurometric Services income (expense), net	\$ (1,900)	\$ (545,200)	(100)%

For the three-month periods ended June 30, 2017 and 2016, changes in net non-operating Other Income (Expense) for Neurometric Services were as follows:

- For the 2017 period, we incurred \$1,900 in cash interest charges. For the 2016 period, we incurred non-cash interest charges totaling \$487,900 of which \$64,600 was accrued interest on our convertible promissory notes at 5% per annum; the balance of \$423,300 was comprised of warrant discount amortization and warrant and note conversion derivative liability charges; only \$1,200 were for actual net interest paid in cash during the period.
- Under ASC 815, all derivative instruments are required to be measured periodically at fair value and the resultant change in fair value of non-hedging derivative instruments are to be recognized in current earnings. For the current 2017 quarter, no charges were incurred as we had no derivative liabilities during the period. For the 2016 period, we revalued our derivative liabilities for the beneficial conversion feature of the convertible promissory notes which resulted in a net non-cash gain on derivative liabilities of \$237,700.

**Net Loss**

	<b>Three months ended June 30,</b>		<b>Percent Change</b>
	<b>2017</b>	<b>2016</b>	
Neurometric Services net loss	\$ (1,572,400)	\$ (1,354,400)	16%

The net loss for our Neurometric Services business of \$1,572,400 for the three months ended June 30, 2017, compared to the approximately \$1,354,400 loss in the prior year, which is primarily due to the large non-cash accounting charges in our Other Expenses category described directly above.

The Company's operating loss of \$1,554,200 for the three months ended June 30, 2017, is an increase of \$745,000 from the \$809,200 loss in the prior year. This additional operating loss is largely due to the vesting of grants of common stock and options to directors, officers and staff. Additionally, increased legal fees associated with financing activities, includes the Aspire Capital Equity Purchase Agreement and consulting fees.

**Results of Operations for the nine months ended June 30, 2017 and 2016**

Our operations consist solely of our Neurometric Services business which is focused on the delivery of PEER Reports that enable psychiatrists and other physicians/prescribers to make more informed, patient-specific decisions when treating individual patients for behavioral (psychiatric and/or addictive) disorders based on the patient's own physiology.

The following table presents consolidated statement of operations data for each of the periods indicated as a percentage of revenues

	Nine months ended June 30,	
	2017	2016
Revenues	100%	100%
Cost of revenues	25	6
Gross profit	75	94
Research	107	94
Product development	917	799
Sales and marketing	624	623
General and administrative expenses	3,094	1,772
Operating loss	(4,667)	(3,194)
Other income (expense), net	(57)	(4,247)
Net loss	(4,724)%	(7,441)%

**Revenues**

	Nine months ended June 30,		Percent Change
	2017	2016	
Neurometric Service Revenues	\$ 94,500	\$ 66,500	42%

The number of third party paid PEER Reports delivered as part of our Neurometric Services business increased to 200 for the nine-month period ended June 30, 2017, up from 158 for the same period in the prior year. Our standard price per PEER Report is \$400 for our commercial patients. The average revenue was \$472 per PEER Report, which also included any ancillary services such as the recording of the EEG and its conversion from an analog EEG to a digital QEEG (Quantitative EEG). The total numbers of free PEER Reports processed were 117 and 14 for the nine-month periods ended June 30, 2017 and 2016 respectively. These free PEER Reports are used for training, database-enhancement and compassionate-use purposes.

**Cost of Revenues**

	Nine months ended June 30,		Percent Change
	2017	2016	
<b>Cost of Revenues</b>			
Neurometric Services	\$ 23,700	\$ 4,100	478%

The cost of Neurometric Services revenues consisting of consulting fees, payroll (including stock-based compensation), and other costs in relation to the revenue recognized during the period. The increase of the cost in 2017 period is primarily due to more consulting hours in the nine months as of June 30, 2017, compared to the same period in 2016.

**Research**

	Nine months ended June 30,		Percent Change
	2017	2016	
<b>Research</b>			
Neurometric Services	\$ 101,500	\$ 62,800	62%

Research expenses consist of payroll costs (including stock-based compensation), consulting fees and other miscellaneous costs which were as follows:

<b>Key Expense Categories</b>	<b>Nine months ended June 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
(1) Salary and benefit costs	\$ 10,900	\$ 31,200	\$ (20,300)
(2) Consulting fees	83,600	24,800	58,800
(3) Other miscellaneous costs	7,000	6,800	200
Total Research	<u>\$ 101,500</u>	<u>\$ 62,800</u>	<u>\$ 38,700</u>

Comparing the nine-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salary and benefit costs, which are solely comprised of stock-based compensation decreased between the 2017 and 2016 periods: were due to certain stock-based compensation became fully vested; and
- (2) Consulting costs increased in the current period as a result of a new consulting agreement with our Medical Officer for the monitoring of the clinical trials and the training of clinical trial investigators and new PEER Online users. Additionally, our Medical Officer is advising the Company on clinical trial design and product development. The Company also entered into a consulting agreement with a second physician to help with the training of clinical trial investigators on the PEER Report allowing them to participate in the SMART-MD trial, and consult with other physicians in the use and interpretation of the PEER Report; and
- (3) Other miscellaneous costs which for the 2017 and 2016 periods remained the same.

#### **Product Development**

<b>Product Development</b>	<b>Nine months ended June 30,</b>		<b>Percent Change</b>
	<b>2017</b>	<b>2016</b>	
Neurometric Services	\$ 867,000	\$ 531,300	63%

Product Development expenses consist of payroll costs (including stock-based compensation), consulting fees, system development costs, travel and miscellaneous costs which were as follows:

<b>Key Expense Categories</b>	<b>Nine months ended June 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
(1) Salaries and benefit costs	\$ 594,900	\$ 349,700	\$ 245,200
(2) Consulting fees	152,900	100,100	52,800
(3) System development costs	52,000	46,300	5,700
(4) Conference and travel costs	25,700	6,300	19,400
(5) Other miscellaneous costs	41,500	28,900	12,600
Total Product Development	<u>\$ 867,000</u>	<u>\$ 531,300</u>	<u>\$ 335,700</u>

Comparing the nine-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefits increased by a net \$245,200 between the 2017 and 2016 periods, which was related to stock-based compensation of new stock options which were granted in October 2016.
- (2) Consulting fees increased by \$52,800 between the 2017 and 2016 periods. Such increase was primarily attributable to the Canadian Armed Forces Study, the preparation of the SMART-MD clinical trial, and work associated with our quality systems. Consulting resources for the 2016 quarter were minimal due to the reduced level of activity at that time.

- (3) System development and maintenance costs increased by \$5,700 between the 2017 and 2016 periods, primarily due to increased system maintenance costs and minor system enhancements. Costs associated with the development of our Outcomes Application are currently being capitalized and will be depreciated over the application's expected economic life.
- (4) Conference and travel costs increased by \$19,400 between the 2017 and 2016 periods, primarily due to travel to work on the Canadian Armed Forces Trial and to initiate the SMART-MD trial with Carolina Partners; For the 2016 period resources were limited.
- (5) Other miscellaneous expenses increased by \$12,600 between the 2017 and 2016 periods. Such increases were partly due to the renewal of the State of California Medical Device Manufacturing License and monthly web-hosting fees for our patient-reported-outcomes application which we developed.

#### **Sales and Marketing**

	Nine months ended June 30,		Percent Change
	2017	2016	
<b>Sales and Marketing</b>			
Neurometric Services	\$ 589,600	\$ 414,200	42%

Sales and marketing expenses associated with our Neurometric Services business consist primarily of payroll and benefit costs, including stock-based compensation, advertising and marketing, consulting fees and miscellaneous expenses. The reason for the change in these expenses is discussed below.

<b>Key Expense Categories</b>	Nine months ended June 30,		
	2017	2016	Change
(1) Salaries and benefit costs	\$ 237,200	\$ 104,400	\$ 132,800
(2) Consulting fees	256,600	116,300	140,300
(3) Advertising and marketing costs	41,600	156,600	(115,000)
(4) Conference and travel costs	6,100	100	6,000
(5) Other miscellaneous costs	48,100	36,800	11,300
<b>Total Sales and marketing</b>	<b>\$ 589,600</b>	<b>\$ 414,200</b>	<b>\$ 175,400</b>

Comparing the nine-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefits increased by \$132,800 between the 2017 and 2016 periods. Of this amount \$47,800 was due to stock-based compensation of new stock options which were granted in October 2016, the remainder of \$71,500 relates to hiring a new marketing sales and operations staff.
- (2) Consulting fees increased by \$140,300 between the 2017 and 2016 periods. Initially, there was a reduction of \$47,600 from renegotiating our contract with a consultant to \$3,000 per month; \$110,000 related to hiring a consultant to assist the Company with engaging with payers, health systems, provider networks, and strategic partners; \$37,000 increase from the prior period was related to a media consultant managing our Facebook advertising, and a consultant with public relations. The remaining \$40,700 relates to consultants directly related to the operations support.
- (3) Advertising and marketing expenses decreased by \$115,000 between the 2017 and 2016 periods. Social media advertising costs focused on the Southern California, North Carolina and San Francisco markets, this program started at the end of the quarter. During the 2016 period social media advertising costs focused on the Southern California market.

- (4) Conference and travel costs increased by \$6,000 between the 2017 and 2016 periods due to hiring a marketing sales staff for the Northeastern and Southeast Regions. The costs associated were contributed to travel between the above Regions and the Corporate Office in California.
- (5) Miscellaneous expenditures costs increased by \$11,300 between the 2017 and 2016 periods. The majority of the costs were attributable to rent expense and operating expenses.

**General and administrative**

	Nine months ended		Percent Change
	June 30,		
	2017	2016	
<b>General and Administrative</b>			
Neurometric Services	\$ 2,922,800	\$ 1,178,100	148%

General and administrative expenses for our Neurometric Services business are largely comprised of payroll and benefit costs, including stock-based compensation, legal fees, other professional and consulting fees, patent costs, general administrative and occupancy costs, dues and subscriptions, conference, travel and miscellaneous costs. The reason for the change in these expenses is discussed below.

Key Expense Categories	Nine months ended		
	June 30,		
	2017	2016	Change
(1) Salaries and benefit costs	\$ 1,452,500	\$ 628,900	\$ 823,600
(2) Legal fees	504,600	73,100	431,500
(3) Other professional and consulting fees	359,400	94,000	265,400
(4) Patent costs	78,800	75,500	3,300
(5) Marketing and investor relations costs	103,400	28,100	75,300
(6) Conference and travel costs	122,600	37,500	85,100
(7) Dues & subscriptions fees	79,400	60,000	19,400
(8) General administrative and occupancy costs	222,100	181,000	41,100
<b>Total General and administrative costs</b>	<b>\$ 2,922,800</b>	<b>\$ 1,178,100</b>	<b>\$ 1,744,700</b>

Comparing the nine-month period ended June 30, 2017, with the corresponding period in 2016:

- (1) Salaries and benefit expenses increased by \$823,600 between the 2017 and 2016 periods; \$792,500 was related to the vesting of stock options granted in September 2016 and October 2016 to Directors and Officers which are being vested over a 12-month period; the remaining balance relates to addition of in house general counsel and paid time off taken by the staff.
- (2) Legal fees increased by a net of \$431,500 between the 2017 and 2016 periods. Of this increase \$231,200 related to legal fees associated with our fund raising activities; \$81,000 related to legal fees for the review of the Aspire Capital Equity Purchase Agreement; \$119,300 related to specialty healthcare legal advice; the balance relates to general legal fees which was the same for both periods.
- (3) Other professional and consulting fees showed a net increase of \$265,400 between the 2017 and 2016 periods. Of this increase \$131,400 related to Operations consulting fees; \$106,500 relates to a consultant which was paid \$4,000 a month plus a total of 10,000 shares of common stock for services; \$27,500 relates to investor relations firms and Consultants.
- (4) Patent costs increased by \$3,300 due to the timing and volume of patent and trademark applications and maintenance costs.
- (5) Marketing and investor relations costs increased by \$75,300 between the 2017 and 2016 periods: \$82,600 related to a consultant engaged in the 2017 period. In the 2016 period we had engaged a different public relations firm, which engagement did not continue in the 2017 period.

- (6) Conference and travel increased by a net of \$85,100 between the 2017 and 2016 periods: \$37,100 related to conferences attended; the balance was due to increased travel by executive management for meetings with investors, healthcare payers and providers on the East Coast.
- (7) Dues and subscription cost increased by \$19,400 between the 2017 and 2016 periods due to increased cost of the Salesforce applications, other web-based applications and an increase in listing fees on the OTC.QB platform.
- (8) General administrative and occupancy expenses increased by \$41,100 between the 2017 and 2016 periods, of which \$20,200 was due to amortization of our Patient Reported Outcomes application which was capitalized during development as an intangible asset and is now being amortized over a 36-month period; \$9,100 was related to depreciation of additional EEG machines purchased; and the remainder increase relates to increased operating cost.

**Other Expense**

	Nine months ended June 30,		Percent Change
	2017	2016	
<b>Other Expense</b>			
Neurometric Services expense, net	\$ (5,800)	\$ (2,824,200)	99%

For the nine-month periods ended June 30, 2017 and 2016, changes in net non-operating Other Income (Expense) for Neurometric Services were as follows:

- For the 2017 period, we incurred \$5,800 in cash interest charges. For the 2016 period, we incurred non-cash interest charges totaling \$1,227,700 of which \$153,400 was accrued interest on our convertible promissory notes at 5% per annum; the balance of \$1,074,300 was comprised of warrant discount amortization and warrant and note conversion derivative liability charges; only \$2,400 was for actual net interest paid in cash during the period.
- Under ASC 815, all derivative instruments are required to be measured periodically at fair value and the resultant change in fair value of non-hedging derivative instruments are to be recognized in current earnings. For the current 2017 period, no charges were incurred as we had no derivative liabilities during the period. For the 2016 period, we revalued our derivative liabilities for the beneficial conversion feature of the convertible promissory notes which resulted in a net non-cash gain on derivative liabilities of \$1,035,900.
- For the 2016 period, we incurred a non-cash loss of \$2,337,400 as a result of the accounting for the extinguishment of debt. The debt extinguishment accounting was precipitated by the changes in the fair value of existing notes pursuant to that certain amended note & warrant purchase agreement which extended the maturity date of the existing Notes and provided 100% warrant coverage of the shares underlying the Notes. No similar transaction occurred in the 2017 period.

**Net Loss**

	Nine months ended June 30,		Percent Change
	2017	2016	
Neurometric Services net loss	\$ (4,464,600)	\$ (4,948,400)	(10)%

The net loss for our Neurometric Services business of \$4,464,600 for the nine-month period ended June 30, 2017, compared to the approximately \$4,948,400 loss in the prior year is primarily due to the large non-cash accounting charges in our Other Expenses category described directly above.

The Company's operating loss of \$4,410,100 for the nine-months ended June 30, 2017, is an increase of \$2,118,000 from the \$2,123,900 loss for the same period in the prior year. This additional operating loss is largely due to the vesting of grants of common stock and options to directors, officers and staff. Additionally, increased legal fees associated with financing activities, which includes the Aspire Capital Equity Purchase Agreement and corporate actions including the reverse stock split and the annual meeting.

### **Liquidity and Capital Resources**

Since our inception, we have incurred significant losses and have never been profitable. As of June 30, 2017, we had an accumulated deficit of approximately \$73.0 million; at September 30, 2016, our accumulated deficit was approximately \$68.5 million. Our management expects that with our proposed clinical trials, sales and marketing and general and administrative costs, our expenditures will continue to grow and, as a result, we will need to generate significant product revenues to achieve profitability. We may never achieve profitability.

As of June 30, 2017, we had \$0.41 million in cash and cash equivalents and working capital deficit of approximately \$1.63 million. This is compared to our cash position of \$0.43 million in cash and cash equivalents as of June 30, 2016, and a working capital deficit of \$1.26 million.

The Company has been funded through multiple rounds of private placements, primarily from members of our Board or our affiliates. For details please refer to *Item 2. Private Placement Transactions and Notes 3 and 5 to the Unaudited Condensed Consolidated Financial Statements*.

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million.

### **Working Capital, Operating Capital and Capital Expenditure Requirements**

As of June 30, 2017, we had approximately \$0.41 million in cash and \$9.9 million remaining available for stock sales under the terms of the Purchase Agreement with Aspire Capital, compared to \$0.3 million of cash as of September 30, 2016.

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. Management expects that the proceeds of the public offering will be sufficient for us to fund our operations for at least the next 12 months.

This assessment is based on current estimates and assumptions regarding our programs and business needs. Actual working capital requirements could differ materially from the above working capital projection. We may explore strategic opportunities including partnerships, licensing and acquisitions of other entities, assets or products.

Our ability to successfully raise sufficient funds through the sale of equity securities, when needed, is subject to many risks and uncertainties and even if we are successful, future equity issuances would result in dilution to our existing stockholders. Our risk factors are described under the heading "Risk Factors" in Part I Item 1A and elsewhere in our Annual Report on Form 10-K and in other reports we file with the SEC.

The amount of capital we will need to conduct our operations and the time at which we will require such capital may vary significantly depending upon a number of factors, such as:

- the amount and timing of costs we incur in connection with our clinical trials and product development activities, including enhancements to our PEER Online database and costs we incur to further validate the efficacy of our technology;
- the amount and timing of costs we incur in connection with the expansion of our commercial operations, including our sales and marketing efforts;

- whether we incur additional consulting and legal fees in our efforts in conducting Non-Significant Risk trials within FDA requirements, which will enable us to obtain a 510(k) clearance from the FDA; and

- if we expand our business by acquiring or investing in complimentary businesses.

#### **Sources of Liquidity**

Since our inception, substantially all of our operations have been financed from equity and debt financings. Between September 2014, and August 2016 we have raised \$6.0 million through the private placement of secured convertible debt with an exercise price of \$5.00 per share of Common Stock. Of this funding \$5.1 million, or 85%, was provided by directors, an officer and affiliates of the Company.

#### *The Aspire Capital Equity Line of Credit*

On December 6, 2016, the Company, entered into a common stock Purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of the Company's common stock.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of \$7.25, resulting in gross cash proceeds of \$145,000.

The issuance of shares of common stock that may be issued from time to time to Aspire Capital under the Purchase Agreement are exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

*For details of these financings please see Note 3 and Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements.*

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of \$5.25 per share and accompanying Warrant, for a total offering size of \$8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of \$5.25 per share, subject to adjustments, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to an 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any.

#### **Cash Flows**

Net cash used in operating activities was \$2,671,900 for the nine-months ended June 30, 2017, compared to \$2,209,900 for the same period in 2016. Of the net \$456,100 increase in cash used for operations between the two periods: in general net cash expenditures increased across the board including: consulting fees which increased by approximately \$537,000, system maintenance and development increased by \$5,700. These increases were partly offset by a reduction in advertising expenditures of \$115,000.

During the nine months ended June 30, 2017 the Company spent \$230,000 in investing activities, including \$87,100 in the purchase of computer equipment and expenditure on our Patient Reported Outcomes application and \$120,000 investment in Arcadian. During the nine months ended June 30, 2016 the Company spent \$68,500 in investing activities.

Financing activities for the nine-months ended June 30, 2017, was \$2.99 million, including \$2.98 million cash proceeds received from private placements of equity from 13 accredited investors, of which five are affiliated with the Company. During the nine months ended June 30, 2016, financing activities were \$2.10 million raised from the private placements pursuant to the second amended note & warrant purchase agreement from eight affiliated investors of the Company.

#### **Income Taxes**

Current and non-current deferred taxes have been recorded on a net basis in the accompanying balance sheet. As of September 30, 2016, the Company had Federal net operating loss carryforwards of approximately \$45.8 million and State net operating loss carryforwards of approximately \$29.3 million. The federal and state net operating loss carryforwards will begin to expire in 2022 and 2017 respectively. Our ability to utilize net operating loss carryforwards may be limited in the event that a change in ownership, as defined in the Internal Revenue Code, occurs in the future. The Company has placed a valuation allowance against the deferred tax assets in excess of deferred tax liabilities due to the uncertainty surrounding the realization of such excess tax assets. Management periodically evaluates the recoverability of the deferred tax assets and the level of the valuation allowance. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced accordingly.

## Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements or financing activities with special purpose entities.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

### Item 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to us, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, an evaluation as of June 30, 2017 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of June 30, 2017, were effective for the purposes stated above.

#### Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### Item 1. Legal Proceedings

The Company is not currently party to any legal proceedings, the adverse outcome of which, in the Company's management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations or financial position.

### Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors included in the Risk Factors section in our Annual Report on Form 10-K for the year ended September 30, 2016.

- The risk factor captioned "We need immediate additional funding to support our operations and capital expenditures, which may not be available to us. This lack of availability could result in the cessation of our business. Our continued operating losses and limited capital raise substantial doubt about our ability to continue as a going concern" is hereby deleted in its entirety and replaced with the following:

*Even after taking into account the receipt of net proceeds of our July 2017 public offering, our current operating plan will require significant levels of additional capital. Such capital may not be available when needed and on acceptable terms.*

Even after taking into account the receipt of net proceeds of our \$8.79 million July 2017 public offering, our current operating plan will require significant levels of additional capital to fund, among other things, the continued advancement and commercialization of PEER product, financing pilot programs, clinical trials and strategic growth including acquisitions.

On average, we expended approximately \$250,000 of cash per month during the fiscal year ended September 30, 2016. Cash used in operations for the nine months ended June 30, 2017 and year ended September 30, 2016 was approximately \$2.67 million and \$2.98 million, respectively. There can be no assurance that we will be able to obtain additional capital after we exhaust our current cash.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives, as well as through sales of Common Stock to Aspire Capital Fund, LLC (“Aspire Capital”) under a common stock purchase agreement between us and Aspire Capital, dated as of December 6, 2016 (the “Purchase Agreement”), pursuant to which Aspire Capital is committed to purchase up to an aggregate of \$10 million of our Common Stock (on any trading day that our stock price does not close below \$0.50 per share) over the 30-month term of the Purchase Agreement.

Additional equity or debt financing or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing acquisition, licensing, development and commercialization efforts and our ability to generate revenues and achieve or sustain profitability will be substantially harmed.

If we raise additional funds by issuing equity securities (including pursuant to the Purchase Agreement), our stockholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, our business, operating results, financial condition and prospects could be materially and adversely affected and we may be unable to continue our operations.

- The risk factor captioned “Our liabilities exceed our assets; we have a working capital deficit” is hereby deleted.
- The risk factor captioned “We currently have a limited trading volume, which results in higher price volatility for, and reduced liquidity of, our common stock” is hereby deleted in its entirety and replaced with the following:

***Although our shares of common stock are now listed on the NASDAQ Capital Market, we currently have a limited trading volume, which results in higher price volatility for, and reduced liquidity of, our common stock.***

Although our shares of common stock are now listed on the NASDAQ Capital Market under the symbol “MYND,” trading volume in our common stock has been limited and an active trading market for our shares of common stock may never develop or be maintained. The absence of an active trading market increases price volatility and reduces the liquidity of our common stock. As long as this condition continues, the sale of a significant number of shares of common stock at any particular time could be difficult to achieve at the market prices prevailing immediately before such shares are offered.

- The risk factor captioned “We have not paid dividends in the past and do not expect to pay dividends for the foreseeable future, and any return on investment may be limited to potential future appreciation on the value of our common stock” is hereby deleted in its entirety and replaced with the following:

***Other than a dividend of warrants each exercisable for one share of common stock that was distributed on or about July 27, 2017, we have not paid dividends in the past and do not expect to pay dividends for the foreseeable future, and any return on investment may be limited to potential future appreciation on the value of our common stock.***

We currently intend to retain any future earnings to support the development and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. To the extent we do not pay dividends, our stock may be less valuable because a return on investment will only occur if and to the extent our stock price appreciates, which may never occur. In addition, investors must rely on sales of their common stock after price appreciation as the only way to realize their investment, and if the price of our stock does not appreciate, then there will be no return on investment. Investors seeking cash dividends should not purchase our common stock.

- The following risk factors are hereby added:

***If we cannot continue to satisfy NASDAQ’s continuing listing criteria, NASDAQ may subsequently delist our Common Stock.***

NASDAQ requires us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our Common Stock. Generally, we must maintain a minimum amount of stockholders equity (generally \$2.5 million) and a minimum number of holders of our securities (generally 300 round lot holders). If we fail to meet any of the continuing listing requirements, our Common Stock may be subject to delisting. If our Common Stock is delisted and we are not able to list our Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future. There can be no assurance that an active trading market for our Common Stock will develop or be sustained.

***The rights of the holders of common stock may be impaired by the potential issuance of preferred stock.***

Our certificate of incorporation gives our board of directors the right to create new series of preferred stock. As a result, the board of directors may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation or other rights which could adversely affect the voting power and equity interest of the holders of common stock. Preferred stock, which could be issued with the right to more than one vote per share, could be utilized as a method of discouraging, delaying or preventing a change of control. The possible impact on takeover attempts could adversely affect the price of our common stock. Although we have no present intention to issue any additional shares of preferred stock or to create any new series of preferred stock, we may issue such shares in the future.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Private Placement Transactions

On April 1, 2017, the Company entered into a Master Purchase and Option Agreement with Arcadian Telepsychiatry LLC (“Arcadian”), a Pennsylvania based Limited Liability Company and Mr. Robert Plotkin, who, prior to the transaction, was the sole member and owned 100% of the membership interests in Arcadian. The Company made a \$100,000 capital contribution to Arcadian and issued 1,000 shares of Common Stock to Mr. Plotkin for a membership interest equal to 10% of the outstanding membership interests, together with any and all rights, privileges and interests in Arcadian resulting from, associated with or arising from the purchased membership interests. The value of the shares of Common Stock issued on the date of the grant on April 1, 2017, was 1,000 shares valued at \$5.90 per share for a total of \$5,900.

On April 19, 2017 the Company engaged a public relations firm for a 3-month long consulting agreement to provide media advertising services. The monthly fee for the services will be \$10,000 and 5,000 shares of Common Stock. The aggregate value of shares issued to this public relations firm on the grant dates of April 19, 2017 and May 19, 2017 were 5,000 and 5,000 shares valued at \$6.00 and \$6.51 per share for a total of \$30,000 and \$32,600, respectively.

The issuance of the securities described above was not registered under the Securities Act. No general solicitation or advertising was used in connection with the issuance. In making the issuance to accredited investors without registration under the Securities Act, the Company relied upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and/or Regulation D thereunder.

## Item 5. Other Information

None

## Item 6. Exhibits

The following exhibits are filed as part of this report or incorporated by reference herein:

Exhibit Number	Exhibit Title
<a href="#">3.1</a>	<a href="#">Certificate of Incorporation, as amended.</a>
<a href="#">4.9</a>	<a href="#">Warrant Agreement, dated July 25, 2017, by and between the Registrant and American Stock Transfer &amp; Trust Company, as Warrant Agent (including Form of Warrant Certificate).</a>
<a href="#">10.30</a>	<a href="#">Employment Agreement by and between the Registrant and Donald D’Ambrosio, dated March 14, 2017</a>
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1</a>	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MYnd Analytics, Inc.

Date: August 14, 2017

/s/ George C. Carpenter IV  
By: **George C. Carpenter IV**  
Its: **Chief Executive Officer (Principal Executive Officer)**

/s/ Donald D'Ambrosio  
By: **Donald D'Ambrosio**  
Its: **Chief Financial Officer (Principal Financial Officer)**





**EXHIBIT A**

**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
MYND ANALYTICS, INC.**

MYnd Analytics, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

**FIRST:** That at a meeting of the Board of Directors (the "Board") of MYnd Analytics, Inc. (formerly known as CNS Response, Inc.) (the "Corporation") on September 2, 2015, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation (the "Charter") approving of a reverse stock split by a ratio of not less than 1-for-10 and not more than 1-for-200 (the "Range"), as determined at the sole discretion of the Board (the "Reverse Split"), and, declaring said amendment (hereinafter the "Amendment"), to be advisable and calling for consent of the stockholders of the Corporation for consideration thereof. The resolutions setting forth the proposed Amendment is substantially as follows:

**RESOLVED**, that the Board declares it advisable and in the best interests of the Corporation to amend the Charter to effect the Reverse Split, at a ratio with the Range, as determined by the Board, at its discretion; and be it further

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended by amending and restating Section 4.B. of Article IV thereof relating to the common stock of the Corporation, so that, as amended and restated, Section 4.B. of Article IV shall be and read in its entirety, as follows:

"**Section 4.B. Common Stock.** The total number of shares of common stock which the Corporation shall have authority to issue is Five Hundred Million (500,000,000) shares, with a par value of \$0.001 per share. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Corporation's common stock.

Upon the effectiveness of the amendment to the Certificate of Incorporation adding this paragraph thereto (the "Effective Time"), each 200 shares of outstanding common stock, par value \$0.001 per share (for purposes of this Article IV "Old Common Stock"), of the Corporation issued and outstanding immediately prior to the Effective Time shall be, without any action of the holder thereof, automatically combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value \$0.001 per share (for purposes of this Article IV, the "New Common Stock") of the Corporation (the "Reverse Split"). Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been combined. No fractional shares of common stock will be issued as a result of the Reverse Split. In the event the Reverse Split leaves a stockholder with a fraction of a share, the number of shares due to the stockholder shall be rounded up. For example, if the Reverse Split leaves an individual stockholder with one and one half shares, the stockholder will be issued, post Reverse Split, two whole shares."

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held on October 28, 2015 upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

**THIRD:** That said Amendment was duly adopted on August 24, 2016 in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said Corporation shall not be reduced under or by reason of said Amendment.

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**FIFTH:** The foregoing Amendment shall be effective as of September 21, 2016, at 8:00 a.m. Eastern Time.

**SIXTH:** Except as set forth in this Amendment, the Certificate of Incorporation, as previously amended, remains in full force and effect.

**IN WITNESS WHEREOF,** the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of MYnd Analytics, Inc. as of September 19, 2016.

**MYND ANALYTICS, INC.**

By: /s/ George C. Carpenter IV  
Name: George C. Carpenter IV  
Title: President

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**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
MYND ANALYTICS, INC.**

MYnd Analytics, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

**FIRST:** That at a meeting of the Board of Directors (the "Board") of MYnd Analytics, Inc. (formerly known as CNS Response, Inc.) (the "Corporation") on September 2, 2015, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation (the "Charter") approving of a reverse stock split by a ratio of not less than 1-for-10 and not more than 1-for-200 (the "Range"), as determined at the sole discretion of the Board (the "Reverse Split"), and, declaring said amendment (hereinafter the "Amendment"), to be advisable and calling for consent of the stockholders of the Corporation for consideration thereof. The resolutions setting forth the proposed Amendment is substantially as follows:

**RESOLVED**, that the Board declares it advisable and in the best interests of the Corporation to amend the Charter to effect the Reverse Split, at a ratio with the Range, as determined by the Board, at its discretion; and be it further

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended and restating Article IV thereof relating to the capital stock of the Corporation, so that, as amended and restated, Article IV shall be and read in its entirety, as follows:

**"ARTICLE IV**

**CAPITAL STOCK**

The amount of total authorized capital stock of this Corporation is Five Hundred Thousand Dollars (\$500,000) divided into 500,000,000 shares of \$0.001 par value each. All shares shall be designated as Common Stock. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Company's Common Stock.

Upon the effectiveness of the amendment to the Certificate of Incorporation adding this paragraph thereto (the "Effective Time"), each 200 shares of outstanding Common Stock, par value \$0.001 per share (for purposes of this Article IV "Old Common Stock"), of the Corporation issued and outstanding immediately prior to the Effective Time shall be, without any action of the holder thereof, automatically combined into one (1) validly issued, fully paid and non-assessable share of Common Stock, par value \$0.001 per share (for purposes of this Article IV, the "New Common Stock") of the Corporation (the "Reverse Split"). Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been combined. No fractional shares of Common Stock will be issued as a result of the Reverse Split. In the event the Reverse Split leaves a stockholder with a fraction of a share, the number of shares due to the stockholder shall be rounded up. For example, if the Reverse Split leaves an individual stockholder with one and one half shares, the stockholder will be issued, post Reverse Split, two whole shares."

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held on October 28, 2015 upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

**THIRD:** That said Amendment was duly adopted on August 24, 2016 in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said Corporation shall not be reduced under or by reason of said Amendment.

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**FIFTH:** The foregoing Amendment shall be effective as of September 21, 2016, at 8:00 a.m. Eastern Time.

**SIXTH:** Except as set forth in this Amendment, the Certificate of Incorporation, as previously amended, remains in full force and effect.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of MYnd Analytics, Inc. as of September 19, 2016.

**MYND ANALYTICS, INC.**

By: /s/ George Carpenter  
Name: George Carpenter  
Title: President

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**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
CNS RESPONSE, INC.**

CNS Response, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

**FIRST:** That at a meeting of the Board of Directors (the "Board") of CNS Response, Inc. (the "Corporation") on September 2, 2015, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation: (i) approving of an increase in the number of authorized shares which the Corporation is authorized to issue from 180,000,000 to 500,000,000 (the "Share Increase"), and (ii) approving the change of the Corporation's name from CNS Response, Inc. to MYnd Analytics, Inc., and, declaring said amendments, as reflected in a single amendment (hereinafter the "Amendment"), to be advisable and calling for separate approvals of the stockholders of the Corporation for consideration thereof. The resolutions setting forth the proposed Amendment are substantially as follows:

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended by amending and restating the Article I thereof relating to the name change of the Corporation, so that, as amended and restated, Article I shall be and read in its entirety, as follows:

**ARTICLE I**

The name of the Corporation is MYnd Analytics, Inc.

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended by amending and restating the Article IV thereof relating to the authorized shares of the Corporation, so that, as amended and restated, Article IV shall be and read in its entirety, as follows:

**ARTICLE IV**

**CAPITAL STOCK**

**Section 4.A.** The total number of shares of stock which the Corporation shall have authority to issue is Five Hundred Fifteen Million (515,000,000).

**Section 4.B.** Common Stock. The total number of shares of common stock which the Corporation shall have authority to issue is Five Hundred Million (500,000,000) shares, with a par value of \$0.001 per share. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Corporation's Common Stock.

**Section 4.C.** Blank-Check Preferred Stock. The total number of shares of undesignated preferred stock which the Corporation shall have the authority to issue is Fifteen Million (15,000,000) shares, with a par value of \$0.001 per share. The Board of Directors is hereby expressly authorized to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held on October 28, 2015 upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

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**THIRD:** That said Amendment was duly adopted on October 28, 2015 in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said Corporation shall not be reduced under or by reason of said Amendment.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of CNS Response, Inc. as of November 2, 2015.

**CNS RESPONSE, INC.**

By: /s/ George C. Carpenter IV  
Name: George C. Carpenter IV  
Title: President & Chief Executive Officer

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**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
CNS RESPONSE, INC.**

CNS Response, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

**FIRST:** That at a meeting of the Board of Directors (the "Board") of CNS Response, Inc. (the "Corporation") on March 26, 2013, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation: (i) approving of an increase in the number of authorized shares which the Corporation is authorized to issue from 100,000,000 to 150,000,000 (the "Share Increase"), and (ii) authorizing 15,000,000 shares of a new class of preferred stock, par value \$0.001 per share (the "Preferred Authorization"), and, declaring said amendments, as reflected in a single amendment (hereinafter the "Amendment"), to be advisable and calling for separate approvals of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed Amendment is substantially as follows:

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended by amending and restating the Article IV thereof relating to the authorized shares of the Corporation, so that, as amended, said Article IV shall be and read in its entirety, as follows:

**ARTICLE IV**

**CAPITAL STOCK**

**Section 4.A.** The total number of shares of stock which the Corporation shall have authority to issue is One Hundred Sixty Five Million (165,000,000).

**Section 4.B.** Common Stock. The total number of shares of common stock which the Corporation shall have authority to issue is One Hundred Fifty Million (150,000,000) shares, with a par value of \$0.001 per share. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Corporation's common stock.

**Section 4.C.** Blank-Check Preferred Stock. The total number of shares of undesignated preferred stock which the Corporation shall have the authority to issue is Fifteen Million (15,000,000) shares, with a par value of \$0.001 per share. The Board of Directors is hereby expressly authorized to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held on May 23, 2013 upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

**THIRD:** That said Amendment was duly adopted on May 23, 2013 in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said Corporation shall not be reduced under or by reason of said Amendment.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of CNS Response, Inc. as of May 31, 2013.

**CNS RESPONSE, INC.**

By: /s/ George Carpenter  
Name: George C. Carpenter IV  
Title: Chief Executive Officer

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**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
CNS RESPONSE, INC.**

CNS Response, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

**FIRST:** That, by unanimous written consent in lieu of a meeting of the Board of Directors (the "Board") of CNS Response, Inc. (the "Corporation"), resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation: (i) approving of a change to the number of authorized shares which the Corporation is authorized to issue, and (ii) approving of a reverse stock split on a 1 for 10, 1 for 20, 1 for 30, 1 for 40, or 1 for 50 basis, as determined at the sole discretion of the Board (the "Reverse Split"), and, declaring said amendments, as reflected in a single amendment (hereinafter the "Amendment"), to be advisable and calling for consent of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed Amendment is substantially as follows:

**RESOLVED**, that the Certificate of Incorporation of the Corporation be amended by amending and restating the Article IV thereof relating to the authorized shares of the Corporation, so that, as amended, said Article IV shall be and read in its entirety, as follows:

**ARTICLE IV**

**CAPITAL STOCK**

"The amount of total authorized capital stock of this Corporation is One Hundred Thousand Dollars (\$100,000) divided into 100,000,000 shares of \$0.001 par value each. All shares shall be designated as common stock. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Corporation's common stock.

On April 2, 2012, at 5:00 p.m. Pacific Time (the "Effective Time"), each thirty (30) shares of outstanding common stock, par value \$0.001 per share (for purposes of this Article IV "Old Common Stock"), of the Corporation issued and outstanding immediately prior to the Effective Time shall be, without any action of the holder thereof, automatically combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value \$0.001 per share (for purposes of this Article IV, the "New Common Stock") of the Corporation. Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been combined. No fractional shares of Common Stock will be issued as a result of the Reverse Split. In the event the proposed Reverse Split leaves a shareholder with a fraction of a share, the number of shares due to the shareholder shall be rounded up. For example, if the proposed Reverse Split leaves an individual shareholder with one and one half shares, the shareholder will be issued, post proposed Reverse Split, two whole shares."

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of the Corporation was duly called and held upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

**THIRD:** That said Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said Corporation shall not be reduced under or by reason of said Amendment.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of CNS Response, Inc. as of March 29, 2012.

**CNS RESPONSE, INC.**

By: /s/ George Carpenter  
Name: George C. Carpenter IV  
Title: CEO

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**CERTIFICATE OF OWNERSHIP AND MERGER**  
**MERGING**  
**CNS RESPONSE, INC.,**  
**(A DELAWARE CORPORATION)**  
**WITH AND INTO**  
**STRATIVATION, INC.,**  
**(A DELAWARE CORPORATION)**  
**(UNDER SECTION 253 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE)**

The undersigned, on behalf of Strativation, Inc., a corporation duly organized and existing under the laws of the State of Delaware:

**DOES HEREBY CERTIFY:**

**FIRST:** Strativation, Inc. (the "COMPANY"), was incorporated on the 20th day of March, 1987 pursuant to the General Corporation Law of the State of Delaware (the "DGCL"), the provisions of which permit the merger of one or more subsidiary corporations organized and existing under the laws of said State into a parent corporation organized and existing under the laws of said State.

**SECOND:** The Company owns 100% of the issued and outstanding shares of the common stock of CNS Response, Inc. ("MergerCo"), a corporation incorporated on the 19th day of January, 2007 pursuant to the DGCL, and having no class of stock outstanding other than such common stock.

**THIRD:** That the Company, by the following resolutions adopted by its Board of Directors, duly adopted by unanimous written consent of the members thereof on February 2, 2007, determined to merge MergerCo into itself, effective as set forth below:

WHEREAS, the Company lawfully owns 100% of the issued and outstanding shares of the common stock of CNS Response, Inc., a Delaware corporation ("MERGERCO");

WHEREAS, MergerCo has no class of stock outstanding other than common stock; and

WHEREAS, there has been presented a form of Certificate of Ownership and Merger, and certain other agreements and other writings (collectively, the "MERGER DOCUMENTS") to accomplish the merger of MergerCo into the Company pursuant to Section 253 of the General Corporation Law of the State of Delaware ("MERGER");

WHEREAS, pursuant to the Merger, the separate existence of MergerCo shall cease, the outstanding capital stock of MergerCo shall be cancelled, and the Company shall assume of all of the obligations and liabilities of MergerCo and shall be subject to all the debts and liabilities of MergerCo in the same manner as if the Company had itself incurred them, and each share of the capital stock of the Company shall remain outstanding and unaffected; and

WHEREAS, upon the effective date of the Merger, the Company shall relinquish its corporate name and assume in its place thereof the name of MergerCo, which is "CNS Response, Inc." ("NAME CHANGE");

NOW, THEREFORE, BE IT RESOLVED, that the Merger including the Name Change and assumption of all of the obligations and liabilities of MergerCo by the Company and the transactions contemplated under the Merger Documents are hereby adopted and approved;

RESOLVED FURTHER, that the forms, terms and provisions of the Merger Documents are hereby adopted and approved;

RESOLVED FURTHER, upon the proposed Merger becoming effective and without any action on the part of any holder thereof each outstanding share of the common stock of MergerCo shall be cancelled without consideration therefor;

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RESOLVED FURTHER, that the officers of the Company, and each of them, are hereby authorized and directed to cause the Company to perform its obligations under the Merger Documents and to consummate the transactions contemplated thereby, including the Name Change;

RESOLVED FURTHER, that the officers of the Company, and each of them, are hereby authorized, for and on behalf of the Company, to modify, amend or revise the forms, terms and provisions of the Merger Documents, to execute, deliver and/or file any and all documents, certificates, instruments, agreements and notices, and to perform or cause to be performed any and all acts as may, in their judgment, be necessary or desirable to accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby and the Merger Documents therein approved whether within or without the State of Delaware and any other state necessary, the making of any such modification, amendment or revision, the taking of any such actions and/or the execution, delivery or filing of any such documents or instruments shall be conclusive evidence that the individual making such modification, amendment or revision, taking such action and/or executing, delivering or filing such document or instrument has deemed the same to be necessary or advisable;

RESOLVED FURTHER, that the officers of the Company, and each of them, are hereby authorized, directed and empowered by and on behalf of the Company to cause any notice required by the securities laws of any state or jurisdiction to be prepared and filed on behalf of the Company with the appropriate securities regulatory agency together with any required consent to service of process and the payment of any requisite fee; and

RESOLVED FURTHER, that the actions of the officers and other agents of the Company and each of them, previously taken in connection with the negotiation of the Merger and/or the preparation of the forms, terms and provisions of the Merger Documents are hereby adopted and approved.

"FOURTH: That the proposed Merger has been adopted approved, certified, executed and acknowledged by the Company and the board of directors of MergerCo in accordance with the laws of Delaware.

FIFTH: The merger is effective upon filing of this Certificate of Ownership and Merger.

IN WITNESS WHEREOF, the Company has caused this Certificate to be signed by an authorized officer this 6th day of March, 2007.

STRATIVATION, INC.  
a Delaware corporation

By: /s/ Leonard J. Brandt  
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Leonard J. Brandt, President

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**STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION  
OF STRATIVATION, INC.**

Strativation, Inc. (the "Corporation") a corporation organized and existing under and by virtue of the Delaware General Corporation Law ("DGCL") does hereby certify:

FIRST: That the Board of Directors of the Corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted resolutions proposing and declaring advisable the following amendments to the Certificate of Incorporation of the Corporation:

RESOLVED FURTHER, that to effectuate the Reverse Split, Article Fourth of the Certificate of Incorporation, as amended and in effect on the date hereof (the "Certificate of Incorporation"), be amended by adding the following paragraphs thereto:

"Upon the date that this Certificate of Amendment to the Certificate of Incorporation of the Corporation becomes effective in accordance with the General Corporation Law of the State of Delaware (the "Effective Date"), each fifty (50) shares of common stock, par value \$0.001 per share ("Old Common Stock"), of the Corporation issued and outstanding immediately prior to the Effective Date shall be, without any action of the holder thereof, automatically reclassified as and converted into one (1) share of common stock, par value \$0.001 per share ("New Common Stock"), of the Corporation,

"Notwithstanding the immediately preceding paragraph, no fractional shares of New Common Stock shall be issued to the holders of record of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock, and no certificates or scrip representing any such fractional shares shall be issued. In lieu of such fraction of a share, any holder of such fractional share shall be entitled receive one whole share of the New Common Stock.

"Each stock certificate that, immediately prior to the Effective Date, represented shares of Old Common Stock shall, from and after the Effective Date, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified. A letter of transmittal will provide the means by which each holder of record of a certificate that represented shares of Old Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified."

SECOND: That in lieu of a meeting and vote of the stockholders of the Corporation, pursuant to Section 228 of the DGCL, a written consent setting forth resolutions approving the amendments set forth above was signed by the holders of outstanding common stock having not less than the minimum number of votes necessary to authorize or take action at a meeting at which all shares entitled to vote thereon were present and voted, and written notice of the adoption and approval of the amendments has been given as provided in Section 228 of the DGCL to every stockholder entitled to such notice.

THIRD: That the foregoing amendment of the Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the DGCL.

[Remainder of Page Intentionally Left Blank, Signature Page Follows]

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed on this 29th day of December, 2006.

STRATIVATION, INC.

By: /s/ Silas Phillips  
Silas Phillips  
Chief Executive Officer

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**STATE OF DELAWARE**  
**CERTIFICATE OF ADMENDMENT**  
**OF CERTIFICATE OF INCORPORATION**

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:FIRST: That at a meeting of the Board of Directors of Salestactix, Inc. resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as

follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "I" so that, as amended, said Article shall be and read as follows:

**ARTICLE I**

"The name of this corporation is Strativation, Inc."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Corporation has caused this Certificate to be signed by its duly authorized officer, this 7th day of September, 2005.

/s/ SCOTT ABSHER

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Scott W. Absher  
President

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**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
AGE RESEARCH, INC.,  
a Delaware corporation**

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Age Research, Inc.
2. The Certificate of Incorporation of the Corporation is hereby amended as follows:

Article I. of the Certificate of Incorporation is hereby amended in its entirety to read as follows:

**ARTICLE I.**

"The name of this corporation is SalesTactix, Inc."

3. The foregoing amendment was adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly authorized officer, this 28th day of July, 2004.

/s/ Vincent Michael Keyes, III  
\_\_\_\_\_  
Vincent Michael Keyes, III, President

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**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
AGE RESEARCH, INC.,  
a Delaware corporation**

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Age Research, Inc.
2. The Certificate of Incorporation of the Corporation is hereby amended as follows:

Article IV of the Certificate of Incorporation is hereby amended in its entirety to read as follows:

**ARTICLE IV**

The amount of total authorized capital stock of this Corporation is Seven Hundred Fifty Thousand Dollars (\$750,000) divided into 750,000,000 shares of \$0.001 par value each. All shares shall be designated as Common Stock. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Company's Common Stock.

Upon the effectiveness of the certificate of amendment to the Certificate of Incorporation containing this sentence (the "Split Effective Date"), shares of the Common Stock issued and outstanding as of the date and time immediately preceding the Split Effective Date shall be automatically changed and reclassified in accordance with an exchange ratio of one newly issued share for each thirty-five outstanding shares of Common Stock. There shall be no fractional shares issued. A holder of record of Common Stock on the Split Effective Date who would otherwise be entitled to a fraction of a share shall have the number of new shares to which they are entitled rounded to the nearest whole number of shares. The number of new shares will be rounded up if the fractional share is equal to or greater than 0.5 and rounded down if the fraction is less than 0.5. No shareholders will receive cash in lieu of fractional shares.

3. The foregoing amendment was adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

In witness whereof, Richard F. Holt, has caused this Certificate to be signed by its duly authorized officer, this 1st day of June, 2004.

/s/ Richard F. H  
\_\_\_\_\_  
Richard F. Holt, President

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**CERTIFICATE OF OWNERSHIP AND MERGER  
VOLT RESEARCH, INC.  
A UTAH CORPORATION  
INTO  
AGE RESEARCH, INC.  
A DELAWARE CORPORATION**

(Pursuant to the General Corporation Law of the State of Delaware)

Certificate of Ownership and Merger dated April 27, 1987, executed by Volt Research, Inc., a Utah corporation, hereinafter referred to as the "Utah Corporation", and Age Research, Inc., a Delaware corporation, hereinafter referred to as the "Delaware Corporation" and/or "Surviving Corporation".

The Utah Corporation and the Delaware Corporation do hereby certify:

1. The Utah Corporation Organized Pursuant to Utah Law

. The Utah Corporation was organized pursuant to the Corporation Law of the State of Utah on July 10, 1984, which law permits the merger of a Utah corporation with a corporation organized under the laws of another state.

2. Ownership of the Delaware Corporation Shares

. The Utah Corporation owns all of the issued and outstanding shares of the Delaware Corporation, a corporation incorporated March 20, 1987, pursuant to General Corporation Law of the State of Delaware.

3. Director Approval and Resolutions of the Utah Corporation

. On April 27, 1987, the directors of the Utah Corporation, have duly adopted by the unanimous written consent of its members, filed with the minutes of the board, the following resolutions:

RESOLVED, that the Utah Corporation shall merge, and it does hereby merge itself into the Delaware Corporation, its wholly owned subsidiary which assumes all of the obligations of the Utah Corporation. Be it

FURTHER RESOLVED, that the merger shall be effective upon filing a Certificate of Ownership and Merger with the Secretary of State of Delaware. Be it

FURTHER RESOLVED, that the terms and conditions of the merger are as set forth in the Plan and Agreement of Merger. Be it

FURTHER RESOLVED, that the proper officers of the Utah Corporation be, and they hereby are, directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge itself into the Delaware Corporation and to cause the same to be filed with the Secretary of State of Delaware and a certified copy recorded in the Office of the Recorder of deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be necessary or proper to effect said merger.

4. Shareholder Vote

. On April 27, 1987, at a special meeting of shareholders of the Utah Corporation, held pursuant to twenty (20) day notice to shareholders of record, at which a quorum was present in person or by proxy, the majority of the shareholders of the Utah Corporation approved the Plan and Agreement of Merger.

5. Separate Existence; Surviving Corporation

. At the effective time of the merger, the separate existence of the Utah Corporation shall cease and the Utah Corporation shall be merged in accordance with the applicable provision of the Utah Business Corporations Act and the General Corporation Law of Delaware, into the Delaware Corporation, which shall be the Surviving Corporation.

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6. Governing Law

The laws which are to govern the Surviving Corporation, the Delaware Corporation, are the laws of the State of Delaware. The Certificate of Incorporation of the Delaware Corporation shall be the Certificate of Incorporation of the Surviving Corporation, the Delaware Corporation, until the same shall be altered or amended in accordance with the laws of the State of Delaware.

7. Directors and Officers

The directors and officers of the Delaware Corporation, at the time of the merger, shall be the directors and officers of the Surviving Corporation and shall be as follows:

Martin A. Voet	President/Director
Richard F. Holt, Jr.	Secretary/Treasurer/Director
Rollin Green, M.D.	Director
Roger Green, M.D.	Director

8. Effect of Merger. At the effective time of the merger, the Surviving Corporation, the Delaware Corporation, shall retain or succeed to, without other transfer, and shall possess and enjoy all rights, privileges, immunities, powers, purposes and franchises and be subject to all the restrictions, disabilities and duties of each corporation. All property, both real and personal, tangible and intangible and all debts due to either corporation shall be vested in the Surviving Corporation. All debts, liabilities and duties of either corporation shall be the responsibility of and enforceable against the Surviving Corporation as if said debts, liabilities and duties had been incurred or contracted by the Surviving Corporation.

IN WITNESS WHEREOF, this Certificate has been signed by each of the Corporations which are the parties hereto this 27 day of April, 1987.

AGE RESEARCH, INC.  
a Delaware corporation

By: /s/ Martin A. Voet  
Martin A. Voet, President

Attest:

By: /s/ Richard F. Holt  
Richard F. Holt, Jr.  
Secretary

VOLT RESEARCH, INC.  
a Utah corporation

By: /s/ Martin A. Voet  
Martin A. Voet, President

Attest:

By: /s/ Richard F. Holt  
Richard F. Holt, Jr.  
Secretary

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State of California        )  
                                  ) ss.  
County of Orange         )

On the 27 day of April, 1987, personally appeared before me, a Notary Public, Martin A. Voet, the president, and Richard F. Holt, the secretary, of Volt Research, Inc., a Utah corporation, and of Age Research, Inc., a Delaware corporation, who duly acknowledged to me that they executed this Agreement pursuant to a Resolution of the Board of Directors of said corporations and shareholder approval thereof.

/s/ Margaret Howe  
\_\_\_\_\_  
Notary Public  
Residing at Laguna Niguel

My Commission expires: 9/30/88

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**CERTIFICATE OF  
INCORPORATION  
OF  
AGE RESEARCH, INC.**

**ARTICLE I**

The name of the Corporation is AGE RESEARCH, INC.

**ARTICLE II**

The registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, County of New Castle. The registered agent in charge thereof at such address is The Corporation Trust Company.

**ARTICLE III**

The nature of the business, and the objects and purposes proposed to be transacted, promoted and carried on, are to do any or all things herein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world, viz.:

“The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.”

**ARTICLE IV**

The amount of the total authorized capital stock of this Corporation is One Hundred Thousand Dollars (\$100,000) divided into 100,000,000 shares of \$.001 par value each. All shares shall be designated as Common Stock. Shareholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Company's Common Stock.

**ARTICLE V**

The name and mailing address of the incorporator of the Company is:

Richard F. Holt	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675
Martin A. Voet	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675
Rollin Green, M.D.	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675

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## ARTICLE VI

The powers of the incorporator(s) shall terminate upon the filing of this Certificate of Incorporation, and the names and mailing addresses of the persons to serve as directors until the first- annual meeting of stockholders or until successors are elected and quality are:

<u>Name of Director</u>	<u>Mailing Address</u>
Richard F. Holt	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675
Martin A. Voet	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675
Rollin Green, M.D.	26081 Avenida Aeropuerto, Suite E-1 San Juan Capistrano, CA 92675

The number of members of the Board of Directors shall be fixed from time to time by the Board of Directors. If any vacancy occurs, the remaining directors, by an affirmative vote of a majority thereof, may elect a director to fill the vacancy until the next annual meeting of stockholders.

## ARTICLE VII

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board of committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

1. The material facts as to his interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the Committee, and the Board or committee in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director or directors; or
2. The material facts as to his interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
3. The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## ARTICLE VIII

The Board of Directors shall have the power to make, adopt, amend or repeal the Bylaws of the Corporation.

## ARTICLE IX

Section 1. Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law (iii) under Section 74 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

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Section 2. Indemnification and Insurance.

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(b) Right of Claimant to Bring Suit. If a claim under paragraph (a) of this Section is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard or conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard or conduct.

(c) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(d) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

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STATE OF Utah                    )  
  )ss.  
COUNTY OF Salt Lake         )

On the 17th day of March, 1987, personally appeared before me, Richard F. Holt, who being by me first duly sworn, declared that he is the person who signed the foregoing document as an incorporator and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 17th day of March, 1987.

/s/ sic., NOTARY PUBLIC

Residing at Salt Lake

My Commission expires: 3/21/07

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STATE OF Utah                    )  
  )ss.  
COUNTY OF Salt Lake         )

On the 17th day of March, 1987, personally appeared before me, Martin A. Voet, who being by me first duly sworn, declared that he is the person who signed the foregoing document as an incorporator and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my  
hand and seal this 17th day of March, 1987.

/s/ A.O. Headman, NOTARY PUBLIC  
Residing at Salt Lake  
My Commission expires: 3/21/07

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WARRANT AGREEMENT

MYnd Analytics, Inc.

and

American Stock Transfer & Trust Company, LLC,

as Warrant Agent

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WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "*Agreement*" or "*Warrant Agreement*"), dated as of July 25, 2017, is by and between MYnd Analytics, Inc., a Delaware corporation (the "*Company*"), and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company, as Warrant Agent (the "*Warrant Agent*").

WHEREAS, the Company's board of directors declared a dividend to holders of record ("*Record Holders*") as of July 13, 2017 of its common stock, par value \$0.001 per share ("*Common Stock*"), of warrants to purchase shares of Common Stock ("*Warrants*") and, in connection therewith, has determined to issue and deliver up to 2,539,061 Warrants to Record Holders, each such Warrant evidencing the right of the holder thereof to purchase one share of Common Stock at an exercise price of \$5.25 per share, subject to adjustment as described herein; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance of a certificate (the "*Warrant Certificate*") in substantially the form attached hereto as Exhibit A representing such number of Warrants set forth therein, and the other matters as provided herein.

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms and conditions upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants (each, a "*Holder*"); and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company and countersigned by or on behalf of the Warrant Agent, as provided herein, the valid, binding and legal obligations of the Company, and to authorize the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in this Agreement.

2. Form of Warrant.

- 2.1 Warrants in Global Form. The Warrants shall initially be issuable in book-entry registration only and evidenced by one or more global Warrant Certificates (the “**Global Warrant Certificates**”) deposited with the Depository Trust Company (the “**Depository**”) and registered in the name of Cede & Co. (“**Cede**”), a nominee of the Depository. Ownership of beneficial interests in the Warrants shall be shown on, and the transfer of such ownership (in accordance with the limitations set forth in Section 5.1 of this Agreement) shall be effected through, records maintained by (i) the Depository or its nominee for each Global Warrant Certificate or (ii) institutions that have accounts with the Depository (such institutions, with respect to a Warrant in its account, each a “**Participant**”). For purposes of this Agreement, the delivery of a notice from the Depository or a Participant of the transfer (in accordance with the limitations set forth in Section 5.1 of this Agreement) or exercise of Warrants in the form of a Global Warrant Certificate shall be deemed to constitute the delivery of a Warrant Certificate with respect to such transfer or exercise. If the Depository subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent regarding other arrangements for book-entry settlement. If the Company determines, in its sole discretion, not to have securities represented by the Global Warrant Certificates, the Company will instruct the Warrant Agent to prepare and deliver physical certificates evidencing the Warrants in exchange for the beneficial interests in the Global Warrant Certificates, based on directions received by the Depository from its Participants with respect to ownership of beneficial interests in the Global Warrant Certificates. In such event, any physical certificates evidencing the Warrants shall represent one or more Warrants as set forth on the Warrant Certificate and be issued in registered form only as definitive Warrant Certificates and shall be substantially in the form attached hereto as Exhibit A, shall be dated the date of issuance thereof (whether upon initial issuance, register of permitted transfer, exchange or replacement) and shall bear such legends and endorsements typed, stamped, printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement.
- 2.2 Effect of Signature. Warrant Certificates shall be signed by, or bear the facsimile or electronic signature of, the Chair of the Board, Chief Executive Officer, President, Chief Financial Officer, Treasurer, any Vice President, or Secretary of the Company. In the event the person whose facsimile or electronic signature has been placed upon any Warrant Certificate shall have ceased to serve in the capacity in which such person signed the Warrant Certificate before such Warrant Certificate is issued, it may be issued with the same effect as if he or she had not ceased to be such at the date of issuance.
- 2.3 Effect of Countersignature. Unless and until countersigned by the Warrant Agent pursuant to this Agreement, a Warrant Certificate shall be invalid and of no effect and may not be exercised by the holder thereof. Such signature by the Warrant Agent upon any Warrant Certificate executed by the Company shall be conclusive evidence that such Warrant Certificate has been duly issued under the terms of this Agreement.
- 2.4 Registration.
- 2.4.1 Warrant Register. The Warrant Agent shall maintain books (the “**Warrant Register**”), for the registration of original issuance and the registration of permitted transfers of the Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue and register the Warrants in the names of the respective holders thereof in such denominations and otherwise in accordance with instructions delivered to the Warrant Agent by or on behalf of the Company. The Company and the Warrant Agent may deem and treat the registered Holder of each Warrant Certificate as the absolute owner of the Warrants represented thereby for the purpose of any exercise thereof or any distribution to the Holder, and for all other purposes under this Agreement, absent actual notice to the contrary. Any Person in whose name ownership of a beneficial interest in the Warrants evidenced by a Global Warrant Certificate is recorded in the records maintained by the Depository or its nominee shall be deemed the “beneficial owner” thereof for the purposes of this Agreement; provided, that all such beneficial interests shall be held through a Participant, which shall be the registered holder of such Warrants.

2.4.2 Registration of Transfers. The Warrant Agent shall register the transfer (in accordance with the limitations set forth in Section 5.1 of this Agreement) of any portion of a Warrant Certificate in the Warrant Register, upon surrender of the Warrant Certificate, with the Form of Assignment attached thereto, to the Warrant Agent at its address specified for notice set forth in this Agreement. Upon any such registration or permitted transfer, a new Warrant Certificate substantially in the form attached hereto as Exhibit A (any such new Warrant Certificate, a “*New Warrant Certificate*”), evidencing the portion of the Warrant Certificate so transferred shall be issued to the permitted transferee and a New Warrant Certificate evidencing the remaining portion of the Warrant Certificate not so transferred, if any, shall be issued to the transferring Holder. Upon issuance and delivery of the New Warrant Certificate, the Warrant Certificate surrendered to the Warrant Agent shall be clearly marked “cancelled” or bear a similar statement to that effect. The delivery of the New Warrant Certificate by the Warrant Agent to the permitted transferee thereof shall be deemed to constitute acceptance by such permitted transferee of all of the rights and obligations of a holder of a Warrant Certificate. Notwithstanding the foregoing, so long as the Warrants are evidenced by Global Warrant Certificates deposited with the Depository, ownership of beneficial interests in the Warrants shall be shown on, and the permitted transfer of such ownership shall be effected through, records maintained (i) by the Depository or its nominee for each Warrant; (ii) by Participants; or (iii) directly on the book-entry records of the Warrant Agent with respect only to owners of beneficial interests that represent such direct registration.

2.5 Uncertificated Warrants. Notwithstanding the foregoing and anything else in this Agreement to the contrary, unless otherwise requested by the holder, the Warrants may be issued in uncertificated or book-entry form through the Warrant Agent and/or the facilities of the Depository or other book-entry depository system. Any Warrant so issued shall have the same terms, force and effect as a certificated Warrant that has been duly countersigned by the Warrant Agent in accordance with the terms of this Agreement.

3. Terms and Exercise of Warrants.

- 3.1 Exercise Price. Each Warrant shall, when countersigned by the Warrant Agent, entitle the Registered Holder thereof, subject to the provisions of such Warrant and of this Warrant Agreement, to purchase from the Company the number of shares of Common Stock stated therein, at the price of \$5.25 per whole share, subject to the adjustments provided herein. The term “**Exercise Price**” as used in this Agreement shall mean the price per share at which shares of Common Stock may be purchased at the time a Warrant is exercised.
- 3.2 Duration of Warrants. A Warrant may be exercised only during the period (the “**Exercise Period**”) commencing on July 27, 2018 (the first anniversary of issuance thereof) and ending on the earlier of: (a) July 26, 2022; or (b) upon the dissolution and winding up of the Company (the “**Expiration Date**”); provided, however, that the exercise of any Warrant shall be subject to the satisfaction of any applicable conditions. Each Warrant not exercised on or before the Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at 5:00 p.m. New York City time on the Expiration Date.
- 3.3 Exercise of Warrants.
- 3.3.1 Exercise and Payment. Subject to the provisions of the Warrant and this Agreement, and if and only if, there is then an effective registration statement (“**Registration Statement**”) under the Securities Act of 1933, as amended (the “**Securities Act**”), covering the offer and sale of the Warrant Shares and as to which no “stop order” suspending the effectiveness thereof shall be in effect, a Warrant, when countersigned by the Warrant Agent, may be exercised by the Registered Holder thereof by submitting a duly executed election to purchase (“**Election to Purchase**”) attached to the applicable Warrant, at the office of the Warrant Agent in the Borough of Manhattan, City and State of New York or at the office of its successor as Warrant Agent, in the Borough of Manhattan, City and State of New York (or, in the case of a Global Warrant Certificate, properly delivered by the Participant in accordance with the Depository’s procedures), which may be done by fax or email delivery, and by paying, within two days of the date of exercise, in full the Exercise Price for each full share of Common Stock as to which the Warrant is exercised, in lawful money of the United States, by wire transfer or in good certified check or good bank draft payable to the order of the Company or by Cashless Exercise in accordance with Section 3.3.2 hereof. Upon delivery of an Election to Purchase when there is then an effective Registration Statement under the Securities Act, covering the offer and sale of the Warrant Shares and as to which no “stop order” suspending the effectiveness thereof shall be in effect, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which a Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder’s DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be).

3.3.2 Cashless Exercise. Notwithstanding anything contained herein to the contrary, if and only if an effective registration statement covering the issuance of the shares of Common Stock that are subject to the Election to Purchase is not available for the issuance of such shares of Common Stock, the Registered Holder may exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the aggregate Exercise Price, elect instead to receive upon such exercise the “Net Number” of shares of Common Stock determined according to the following formula (a “*Cashless Exercise*”):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

- A = the total number of shares with respect to which this Warrant is then being exercised.
- B = the arithmetic average of the Closing Sale Prices (as defined below) of the Common Stock for the five (5) consecutive Trading Days ending on the date immediately preceding the date of the Election to Purchase.
- C = the Exercise Price then in effect for the applicable shares of Common Stock at the time of such exercise.

Upon receipt of an Election to Purchase for a Cashless Exercise, the Warrant Agent will promptly deliver a copy of the Election to Purchase to the Company to confirm the number of Warrant Shares issuable in connection with the Cashless Exercise. The Company will promptly calculate and transmit the number of Warrant Shares issuable in connection with such Cashless Exercise to the Warrant Agent, which shall issue such number of Warrant Shares in connection with such Cashless exercise.

The term “*Closing Sale Price*” means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Nasdaq Capital Market, as reported by Bloomberg, or, if the Nasdaq Capital Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Nasdaq Capital Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or “pink sheets” by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Registered Holder. If the Company and the Registered Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 8.3 hereof. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

For purposes of Rule 144(d) promulgated under the Securities Act, as in effect on the date hereof, assuming the Registered Holder is not an affiliate of the Company, the shares of Common Stock issued in a Cashless Exercise shall be deemed to have been acquired by the Registered Holder, and the holding period for the shares of Common Stock shall be deemed to have commenced, on the date the Warrant was originally issued

- 3.3.3 Issuance of Common Stock on Exercise. Subject to the provisions of the Warrant and this Agreement, upon delivery of an appropriately completed and duly signed Election to Purchase submitted in accordance with Section 3.3.1 hereof (with the Warrant Shares Exercise Log attached and reference to the applicable Warrant Certificate sufficient to identify it) to the Warrant Agent (or, in the case of a Global Warrant Certificate, properly delivered by the Participant in accordance with the Depository's procedures), at its address for notice set forth herein, and assuming funds for exercise are paid on or before the second trading day following the date of receipt by the Company of an Election to Purchase, then on or before the third trading day following the date upon which the Company has received an Election to Purchase for a Warrant, the Company shall cause its transfer agent to (i) provided that the transfer agent is participating in The Depository Trust Company ("DTC") Fast Automated Securities Transfer Program or the Warrants are exercised through a Cashless Exercise, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian System, or (ii) if the transfer agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the Holder, or at the Holder's instruction pursuant to the delivered Election to Purchase, the Holder's agent or designee, in each case pursuant to this clause (ii), sent by reputable overnight courier to the address specified in the applicable Election to Purchase, a certificate, registered in the Company's share register in the name of the Holder or its designee (as indicated in the applicable Election to Purchase), for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise.
- 3.3.4 Valid Issuance. All Common Stock issued or issuable upon the proper exercise of a Warrant in conformity with this Agreement shall be validly issued, fully paid and nonassessable.

3.3.5 Date of Issuance. Each person in whose name any certificate for the Common Stock is issued shall for all purposes be deemed to have become the holder of record of such Common Stock on the date on which the Warrant was surrendered and, other than in the case of Cashless Exercise, payment of the Exercise Price was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the share transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the share transfer books are open

3.4 Beneficial Ownership Limitation on Exercises. The Company shall not effect the exercise of any portion of a Warrant, and the Registered Holder of such Warrant shall not have the right to exercise any portion of such Warrant, to the extent that after giving effect to such exercise, the Registered Holder (together with the Registered Holder's affiliates, and any persons acting as a group together with the Holder or any Registered Holder's affiliates) would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the Common Stock outstanding immediately after giving effect to such exercise, provided, however, that the foregoing limitation on exercise shall not apply to any Registered Holder who, together with such Registered Holder's affiliates, and any persons acting as a group together with such Registered Holder and such Registered Holder's affiliates, owns in excess of the Maximum Percentage immediately prior to the closing of the Offering. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by such Registered Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of the Warrant with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (i) exercise of the remaining, unexercised portion of the Warrant beneficially owned by the Registered Holder and its affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by the Registered Holder and its affiliates (including, without limitation, any convertible notes or convertible preferred stock or warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Registered Holder or any of its affiliates. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). To the extent that the limitation contained in this Section 3.4 applies, the Registered Holder's submission of an Election to Purchase shall be deemed to be the Registered Holder's determination of whether a Warrant is exercisable (in relation to any other securities owned by the Registered Holder together with any affiliates) and of which portion of a Warrant is exercisable, in each case subject to the Maximum Percentage, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of the Warrants, in determining the number of outstanding shares of Common Stock, the Registered Holder may rely on the number of outstanding shares of Common Stock as reflected in the most recent of (1) the Company's most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company or its transfer agent setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of the Registered Holder, the Company shall within three (3) trading days confirm to the Registered Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including any Warrant, by the Registered Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. By written notice to the Company, the Registered Holder may from time to time increase or decrease the Maximum Percentage to any other percentage of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of a Warrant and the provisions of this Section 3.4 shall continue to apply; provided that (i) any such increase will not be effective until the sixty-first (61st) day after such notice is delivered to the Company, and (ii) any such increase or decrease will apply only to that Registered Holder. For purposes of clarity, the Common Stock underlying any Warrant in excess of the Maximum Percentage for a Registered Holder shall not be deemed to be beneficially owned by that Registered Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the Exchange Act. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3.4 to the extent necessary to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

4. Adjustments.

4.1 Stock Dividends.

4.1.1 Split-Ups. If after the date hereof, and subject to the provisions of Section 4.5 below, the number of outstanding shares of Common Stock is increased by a stock dividend payable in Common Stock, or by a split-up of Common Stock or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be increased in proportion to such increase in the outstanding shares of Common Stock and the Exercise Price shall be proportionally decreased such that the aggregate Exercise Price, after such adjustments, remains the same for each Warrant.

4.1.2 Dividends and Other Distributions. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction), except to the extent an adjustment was already made pursuant to Section 4.1.1 or 4.2 (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Company shall reserve and put aside the maximum Distribution amount the Holder would have been entitled to receive if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the participation in such Distribution. Upon exercise of this Warrant, in whole or in part, the Company shall, contemporaneously with the delivery of the Warrant Shares, distribute to the Holder a pro rata portion of such Distribution based on the portion of the Warrant that has been exercised (provided, however, to the extent that the Holder's right to participate in any such Distributions would result in the Holder exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution at such time and to such extent (or the beneficial ownership of any such Common Stock as a result of such Distribution to such extent) and such Distribution to such extent shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution to be held similarly in abeyance) to the same extent as if there had been no such limitation).

4.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 4.5 hereof, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock and the Exercise Price shall be proportionally increased such that the aggregate Exercise Price, after such adjustments, remains the same for each Warrant.

- 4.3 Purchase Rights. If at any time the Company grants, issues or sells any options, convertible securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the “*Purchase Rights*”), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder’s right to participate in any such Purchase Right would result in the Holder exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right to be held similarly in abeyance) to the same extent as if there had been no such limitation).

4.4 **Fundamental Transactions.** If, at any time while the Warrants are outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person or group of persons whereby such other person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination) (each a “**Fundamental Transaction**”), then, upon any subsequent exercise of a Warrant, the Registered Holder of each Warrant shall have the right to receive, for each share of Common Stock that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Registered Holder (without regard to any limitation in Section 3.4 on the exercise of the Warrants), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “**Alternate Consideration**”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which a Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 3.4 on the exercise of the Warrants). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then each Registered Holder shall be given the same choice as to the Alternate Consideration such Registered Holder receives upon any exercise of a Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction in which cash and/or non-cash consideration is being offered to stockholders of the Company for their Common Stock, the Company shall, at a Registered Holder’s option, exercisable at any time prior to the consummation of the Fundamental Transaction, purchase such Registered Holder’s Warrant immediately prior to the consummation of such Fundamental Transaction from the Registered Holder by paying cash by wire transfer of immediately available funds in an amount equal to the Black Scholes Value of the remaining unexercised portion of such Registered Holder’s Warrant immediately prior to the consummation of such Fundamental Transaction. “Black Scholes Value” means the value of a Warrant based on the Black and Scholes Option Pricing Model obtained from the “OV” function on Bloomberg, L.P. (“Bloomberg”) determined immediately prior to the consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Expiration Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the trading day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share of Common Stock being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction (the “FMV”) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Expiration Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “**Successor Entity**”) to assume in writing all obligations of the Company under each Warrant in accordance with the provisions of this Section 4.3 pursuant to agreements in form and substance reasonably satisfactory to the Registered Holders and approved by the Registered Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of each Registered Holder, deliver to such Registered Holder in exchange for such Registered Holder’s Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to such Registered Holder’s Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of such Warrant (without regard to the limitations on exercise set forth in Section 3.4) prior to such Fundamental Transaction, and with an exercise price which applies the Exercise Price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of such Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Registered Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Agreement and each Warrant referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Agreement and each Warrant with the same effect as if such Successor Entity had been named as the Company herein.

- 4.5 Calculations. All calculations under this Section 4 shall be made to the nearest cent or the nearest whole share, as the case may be. For purposes of this Section 4, any calculation of the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall not include treasury shares, if any. Notwithstanding anything to the contrary in this Section 4, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided however, that any adjustments which by reason of the immediately preceding sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In any case in which this Section 4 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, if the Registered Holder exercises a Warrant after such record date, the Company may elect to defer, until the occurrence of such event, the issuance of the shares of Common Stock and other capital stock of the Company in excess of the shares of Common Stock and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that in such case the Company or the Warrant Agent shall deliver to the Registered Holder a due bill or other appropriate instrument evidencing the Registered Holder's right to receive such additional shares and/or other capital securities upon the occurrence of the event requiring such adjustment.
- 4.6 Notices of Changes in Warrant. Upon every adjustment of the Exercise Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon occurrence of any event specified in Sections 4.1, 4.2 or 4.3, the Company shall give written notice of the occurrence of such event to each Warrant holder, at the last address set forth for such holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

- 4.7 No Fractional Shares. Notwithstanding any provision contained in this Warrant Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants. If, by reason of any adjustment made pursuant to this Section 4, the holder of any Warrant would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share, the Company shall, upon such exercise, round to the nearest whole number, the number of the shares of Common Stock to be issued to such holder.
- 4.8 Form of Warrant. The form of Warrant need not be changed because of any adjustment pursuant to this Section 4, and Warrants issued after such adjustment may state the same Exercise Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Agreement.
- 4.9 Other Events. In case any event shall occur affecting the Company as to which none of the provisions of preceding subsections of this Section 4 are strictly applicable, but which would require an adjustment to the terms of the Warrants in order to (i) avoid an adverse impact on the Warrants and (ii) effectuate the intent and purpose of this Section 4, then, in each such case, the Company shall appoint a firm of independent public accountants, investment banking or other appraisal firm of recognized national standing, which shall give its opinion as to whether or not any adjustment to the rights represented by the Warrants is necessary to effectuate the intent and purpose of this Section 4 and, if they determine that an adjustment is necessary, the terms of such adjustment. The Company shall adjust the terms of the Warrants in a manner that is consistent with any adjustment recommended in such opinion.
5. Transfer and Exchange of Warrants.
- 5.1 Registration of Transfer. The Warrant Agent shall register the transfer, from time to time, of any outstanding Warrant upon the Warrant Register, upon surrender of such Warrant for transfer, properly endorsed with signatures properly guaranteed and accompanied by appropriate instructions for transfer, only in the following limited circumstances: (i) transfers as a gift or gifts, by will or intestacy or to any trust for the direct or indirect benefit of the Registered Holder or the immediate family of the Registered Holder (provided that any donee or transferee thereof agrees in writing to be bound by the terms hereof); (ii) the distribution of Warrants to partners, members, stockholders, other equity holders of the Registered Holder, or if the Registered Holder is a trust, trust beneficiaries, in each case, of the Registered Holder's (provided that any transferee thereof agrees in writing to be bound by the terms hereof); (iii) transfers of Warrants to the Registered Holder's affiliates or to any investment fund or other entity controlled or managed by the Registered Holder's (provided that any transferee thereof agrees in writing to be bound by the terms hereof); and (iv) a tender offer of Warrants of the Company or any other transaction, including, without limitation, a merger, consolidation or other business combination, involving a change of control of the Company (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the Registered Holder may agree to transfer, sell, tender or otherwise dispose of the Warrants in connection with any such transaction), provided that all Warrants subject to this Agreement that are not so transferred, sold, tendered or otherwise disposed of remain subject to this Agreement; and provided further that it shall be a condition of transfer, sale, tender or other disposition that if such tender offer or other transaction is not completed, any Warrants subject to this Agreement shall remain subject to the restrictions herein). Upon any such permitted transfer, a new Warrant representing an equal aggregate number of Warrants shall be issued and the old Warrant shall be cancelled by the Warrant Agent. The Warrants so cancelled shall be delivered by the Warrant Agent to the Company from time to time upon request.

- 5.2 Procedure for Surrender of Warrants. Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or permitted transfer (in accordance with the limitations set forth in Section 5.1 of this Agreement), and thereupon the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the Registered Holder of the Warrants so surrendered, representing an equal aggregate number of Warrants.
- 5.3 Fractional Warrants. The Warrant Agent shall not be required to effect any registration of permitted transfer or exchange which shall result in the issuance of a warrant certificate for a fraction of a warrant.
- 5.4 Warrant Execution and Countersignature. The Warrant Agent is hereby authorized to countersign and to deliver, in accordance with the terms of this Agreement, the Warrants required to be issued pursuant to the provisions of this Section 5.
6. Other Provisions Relating to Rights of Holders of Warrants.
- 6.1 No Rights as Stockholder. A Warrant does not entitle the Registered Holder thereof to any of the rights of a stockholder of the Company, including, without limitation, except as otherwise set forth herein or in any Warrant, the right to receive dividends, or other distributions, exercise any preemptive rights to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Company or any other matter.
- 6.2 Lost, Stolen, Mutilated, or Destroyed Warrants. If any Warrant is lost, stolen, mutilated, or destroyed, the Company and the Warrant Agent may on such terms as to indemnity bond or otherwise as they may in their discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination, tenor, and date as the Warrant so lost, stolen, mutilated, or destroyed. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Warrant shall be at any time enforceable by anyone.

- 6.3 Reservation of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that shall be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Agreement.
- 6.4 Registration of Common Stock. The Company shall use reasonable efforts to register the Warrant Shares in a Registration Statement prior to the Warrants becoming exercisable. Subject to any Black Out Period (as defined below), the Company will use reasonable efforts to maintain the effectiveness of such Registration Statement and the prospectus contained therein, or to file and maintain the effectiveness of another registration statement under the Securities Act and another current prospectus covering the Warrant Shares issuable upon exercise of the Warrants at any time that the Warrants are exercisable. In addition, the Company agrees to use reasonable efforts to register such shares of Common Stock under the blue sky laws of the states of residence of the exercising Warrant holders to the extent an exemption from such registration is not available
- 6.5 Black Out Periods. If, at any time during which a prospectus for a Registration Statement is required to be delivered in connection with the sale of any Warrant Shares, the Company reasonably determines in good faith that a development has occurred or a condition exists as a result of which the prospectus contains a material misstatement or omission, or that a material transaction in which the Company is engaged or proposes to engage would require an amendment to the prospectus or Registration Statement, a supplement to the applicable Registration Statement and related prospectus, or a filing under the Exchange Act or other public disclosure of material information and the disclosure of such transaction would be materially premature or materially injurious to the consummation of the transaction, the Company will so notify in writing the holders of the Warrant Shares to otherwise be included in the Registration Statement. Upon receipt of such notification, such holders and their affiliates will immediately suspend all offers and sales of Warrant Shares pursuant to such Registration Statement. In such event, the Company will use reasonable efforts to amend or supplement the applicable Registration Statement and related prospectus or make such filings or public disclosures as promptly as reasonably practicable consistent with the restrictions set forth in this Section 6.5 and will use reasonable efforts to take such other steps as may be required to permit sales of the Warrant Shares thereunder by the holders of Warrant Shares whose Warrant Shares are to be, or are, included in the Registration Statement and its affiliates in accordance with applicable federal and state securities laws as promptly as reasonably practicable. The Company will notify the holders of Warrant Shares whose Warrant Shares are to be, or are, included in the Registration Statement after it has determined in good faith that such sales have become permissible in such manner and will deliver copies of the prospectus (as so amended or supplemented, if applicable) or, alternatively, provide a link to the prospectus (as so amended or supplemented, if applicable) on the SEC's EDGAR system, to the holders of Warrant Shares whose Warrant Shares are to be, or are, included in the Registration Statement. The Company shall be entitled to exercise its right under this Section to suspend the availability of a Registration Statement and prospectus, for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period, provided however any suspension that shall extend beyond the period set forth above shall be deemed a Public Information Failure under this Agreement.

7. Concerning the Warrant Agent and Other Matters.

- 7.1 Payment of Taxes. The Company shall from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of shares of Common Stock upon the exercise of the Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or such shares.
- 7.2 Resignation, Consolidation, or Merger of Warrant Agent.
- 7.2.1 Appointment of Successor Warrant Agent. The Warrant Agent, or any successor hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) days' notice in writing to the Company. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the holder of a Warrant (who shall, with such notice, submit his Warrant for inspection by the Company), then the holder of any Warrant may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent at the Company's cost. Any successor Warrant Agent, whether appointed by the Company or by such court, shall be a corporation in good standing in the State of New York and having its principal office in the Borough of Manhattan, City and State of New York, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

7.2.2 Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the Common Stock not later than the effective date of any such appointment.

7.2.3 Merger or Consolidation of Warrant Agent. Any company into which the Warrant Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Agreement without any further act.

7.3 Fees and Expenses of Warrant Agent.

7.3.1 Remuneration. The Company agrees to pay the Warrant Agent reasonable remuneration for its services as such Warrant Agent hereunder and any transfer agent fees which are in addition thereto and shall, pursuant to its obligations under this Agreement, reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

7.3.2 Further Assurances. The Company agrees to perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.

7.4 Liability of Warrant Agent.

7.4.1 Reliance on Company Statement. Whenever in the performance of its duties under this Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the President or Chairman of the Board of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon such statement for any action taken or suffered in good faith by it pursuant to the provisions of this Agreement.

7.4.2 Indemnity. The Company agrees to indemnify the Warrant Agent, its employees, officers and directors (each, an "Indemnified Person") and save each Indemnified Person harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Agreement, except as a result of the Warrant Agent's gross negligence, willful misconduct or bad faith (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

7.4.3 Exclusions. The Warrant Agent shall have no responsibility with respect to the validity of this Agreement or with respect to the validity or execution of any Warrant (except its countersignature thereof). The Warrant Agent shall not be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant. The Warrant Agent shall not be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method, or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrant or as to whether any shares of Common Stock shall, when issued, be valid and fully paid and non-assessable.

7.5 Acceptance of Agency. The Warrant Agent hereby accepts the agency established by this Agreement and agrees to perform the same upon the terms and conditions herein set forth and among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all monies received by the Warrant Agent for the purchase of shares of Common Stock through the exercise of the Warrants.

8. Miscellaneous Provisions.

8.1 Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

8.2 Notices. Any notice, statement or demand authorized by this Warrant Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given (i) when so delivered if by hand or overnight delivery, (ii) when sent, if delivered by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or by electronic mail, or (iii) if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

MYnd Analytics, Inc.  
26522 La Alameda, Suite 290  
Mission Viejo, California 92691  
Attention: George Carpenter, Chief Executive Officer

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given (i) upon receipt if by hand or overnight delivery, (ii) when sent, if delivered by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or by electronic mail or (iii) if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

- 8.3 Applicable Law. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.
- 8.4 Persons Having Rights under this Agreement. Nothing in this Agreement shall be construed to confer upon, or give to, any person or corporation other than the parties hereto and the Registered Holders of the Warrants any right, remedy, or claim under or by reason of this Warrant Agreement or of any covenant, condition, stipulation, promise, or agreement hereof. All covenants, conditions, stipulations, promises, and agreements contained in this Warrant Agreement shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns and of the Registered Holders of the Warrants.
- 8.5 Examination of the Warrant Agreement. A copy of this Agreement shall be available at all reasonable times at the office of the Warrant Agent in the Borough of Manhattan, City of New York and State of New York, for inspection by the Registered Holder of any Warrant. The Warrant Agent may require any such holder to submit his Warrant for inspection by it.
- 8.6 Counterparts. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.
- 8.7 Effect of Headings. The section headings herein are for convenience only and are not part of this Warrant Agreement and shall not affect the interpretation thereof.

- 8.8 Amendments. This Agreement may be amended by the parties hereto without the consent of any Registered Holder for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters arising under this Agreement as the parties may deem necessary or desirable and that the parties deem shall not adversely affect the interest of the Registered Holders. All other modifications or amendments shall require the written consent of the Company and the Registered Holders holding Warrants to purchase at least a majority of the shares of Common Stock underlying the then outstanding Warrants. No consideration shall be offered by the Company to any Registered Holder in connection with a modification, amendment or waiver of this Warrant Agreement or any Warrant without also offering the same consideration to all Registered Holders.
- 8.9 Severability. This Warrant Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Warrant Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Warrant Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

MYND ANALYTICS, INC.

By: /s/ George C. Carpenter, IV

Name: George C. Carpenter, IV  
Title: Chief Executive Officer

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, as Warrant Agent

By: /s/ Jennifer Donovan

Name: Jennifer Donovan  
Title: SVP

*[Signature Page to Warrant Agreement]*

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**EXHIBIT A**

**[FORM OF WARRANT CERTIFICATE]**

UNLESS THIS GLOBAL WARRANT CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF PERMITTED TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY PERMITTED TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO PERMITTED TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO PERMITTED TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE WARRANT AGREEMENT.

ANY PERMITTED TRANSFER OF THE SECURITIES REPRESENTED BY THIS GLOBAL WARRANT CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF JULY 25, 2017 BETWEEN MYND ANALYTICS, INC. AND AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, SOLELY IN ITS CAPACITY AS WARRANT AGENT. BY ACCEPTING DELIVERY OF THE SECURITIES REPRESENTED BY THIS GLOBAL WARRANT CERTIFICATE, ANY TRANSFEREE SHALL BE DEEMED TO HAVE AGREED TO BE BOUND BY THE WARRANT AGREEMENT AS IF THE TRANSFEREE HAD EXECUTED AND DELIVERED THE WARRANT AGREEMENT.

Number

EXERCISABLE ON OR AFTER JULY 27, 2018  
AND UNTIL 5:00 P.M. (NEW YORK TIME) ON THE EXPIRATION DATE

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## Warrants

**THIS WARRANT SHALL BE VOID IF NOT EXERCISED PRIOR TO  
THE EXPIRATION OF THE EXERCISE PERIOD PROVIDED FOR  
IN THE WARRANT AGREEMENT DESCRIBED BELOW**

**MYND ANALYTICS, INC.**

**Incorporated Under the Laws of the State of Delaware**

### Warrant Certificate

*This Warrant Certificate certifies that*, or registered assigns, is the registered holder of warrant(s) (the "*Warrants*" and each, a "*Warrant*") to purchase shares of Common Stock, par value \$0.001 ("*Common Stock*"), of MYnd Analytics, Inc., a Delaware corporation (the "*Company*"). Each Warrant entitles the holder, upon exercise during the period set forth in the Warrant Agreement referred to below, to receive from the Company that number of fully paid and non-assessable shares of Common Stock as set forth below, at the exercise price (the "*Exercise Price*") as determined pursuant to the Warrant Agreement, payable in lawful money (or through "*cashless exercise*" as provided for in the Warrant Agreement) of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office or agency of the Warrant Agent referred to below, subject to the conditions set forth herein and in the Warrant Agreement. Defined terms used in this Warrant Certificate but not defined herein shall have the meanings given to them in the Warrant Agreement (as defined on the reverse hereof).

Each Warrant is initially exercisable for one fully paid and non-assessable share of Common Stock. The number of the shares of Common Stock issuable upon exercise of the Warrants is subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

The initial Exercise Price per share of Common Stock for any Warrant is equal to \$ \_\_\_\_\_ per share. The Exercise Price is subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

Subject to the conditions set forth in the Warrant Agreement, the Warrants may be exercised only during the Exercise Period and to the extent not exercised by the end of such Exercise Period, such Warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent, as such term is used in the Warrant Agreement.

This Warrant Certificate shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to conflicts of laws principles thereof.

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IN WITNESS WHEREOF, the undersigned have caused this Global Warrant Certificate to be executed as of [DATE].

MYND ANALYTICS, INC.

By: \_\_\_\_\_  
Name:  
Title:

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, as Warrant Agent

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Warrant Certificate]*

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[Form of Warrant Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants entitling the holder on exercise to receive shares of Common Stock and are issued or to be issued pursuant to a Warrant Agreement dated as of July 25, 2017 (the "**Warrant Agreement**"), duly executed and delivered by the Company to American Stock Transfer & Trust Company, LLC, a New York limited liability trust company, as warrant agent (the "**Warrant Agent**"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "**holders**" or "**holder**" meaning the Registered Holders or Registered Holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company. Defined terms used in this Warrant Certificate but not defined herein shall have the meanings given to them in the Warrant Agreement.

Warrants may be exercised at any time during the Exercise Period set forth in Section 3.3 of the Warrant Agreement.

Notwithstanding anything else in this Warrant Certificate or the Warrant Agreement, no Warrant may be exercised unless at the time of exercise: (i) a registration statement covering the shares of Common Stock to be issued upon exercise is effective under the Securities Act; (ii) no "stop order" suspending the effectiveness thereof is in effect; and (iii) a prospectus thereunder relating to the shares of Common Stock is current, except through "**cashless exercise**" as provided for in the Warrant Agreement.

The Warrant Agreement provides that upon the occurrence of certain events the number of shares of Common Stock issuable upon exercise of the Warrants set forth on the face hereof may, subject to certain conditions, be adjusted. If, upon exercise of a Warrant, the holder thereof would be entitled to receive a fractional interest in a share of Common Stock, the Company shall, upon exercise, round up to the nearest whole number of shares of Common Stock to be issued to the holder of the Warrant.

Warrant Certificates, when surrendered at the principal corporate trust office of the Warrant Agent by the Registered Holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

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Upon due presentation for registration of permitted transfer (in accordance with the limitations set forth in Section 5.1 of the Warrant Agreement) of this Warrant Certificate at the office of the Warrant Agent a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the permitted transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the Registered Holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

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**Election to Purchase**

**(To Be Executed Upon Exercise of Warrant)**

In accordance with [Warrant Certificate No. enclosed with this Form of Election to Purchase][the Global Warrant Certificate to be delivered in connection with this Form of Election to Purchase in the manner contemplated by the Warrant Agreement], the undersigned hereby irrevocably elects to exercise the Warrants evidenced by this Warrant Certificate with respect to Warrant Shares in accordance with the terms of the Warrant Agreement dated July , 2017, between MYnd Analytics, Inc., a Delaware corporation, and American Stock Transfer & Trust Company, LLC, as warrant agent (the "*Warrant Agreement*"). Terms used and not defined herein have the meanings specified in the Warrant Agreement.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

a Cash Exercise; or

a Cashless Exercise (provided, however, that, pursuant to the Warrant Agreement, this form of exercise shall only be available if an effective registration statement is not available for the issuance of the Warrant Shares).

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder hereby agrees to pay the aggregate Exercise Price, in lawful money of the United States, by certified check payable to the Warrant Agent, as agent for the Company, or bank draft payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company (or as otherwise agreed to by the Company) delivered to the Warrant Agent, together with any applicable taxes payable by the undersigned pursuant to the terms of the Warrant Agreement.

Unless the Warrant Shares will be delivered electronically via DWAC, the undersigned requests that certificates for the shares of Common Stock issuable upon this exercise be issued in the name of:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Social Security or Tax I.D. No.: \_\_\_\_\_



If the Warrant Shares will be delivered electronically via DWAC, the undersigned requests that the Warrant Shares issuable upon this exercise be issued to the following account:

Name of DTC Participant:

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DTC Participant Number:

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Name of Account at DTC Participant to be credited with the Warrant Shares:

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Account Number at DTC Participant to be credited with the Warrant Shares:

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This Election to Purchase is delivered by

Date: \_\_\_\_\_, 20

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(Signature)

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(Address)

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(Tax Identification Number)

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Warrant Shares Exercise Log

<b>Date</b>	<b>Number of Warrant Shares Available to be Exercised</b>	<b>Number of Warrant Shares Exercised</b>	<b>Number of Warrant Shares Remaining to be Exercised</b>



March 14, 2017

Dear Don D'Ambrosio,

On behalf of MYnd Analytics, Inc. (the "Company"), I am delighted to offer you a position with the Company based upon the following terms:

1. Position. Upon acceptance of this offer, you will become Chief Financial Officer of the Company, reporting to the Chief Executive Officer and the Board of Directors. You will also serve as Secretary until the company has in house counsel. You will be expected to devote at least forty (40) hours per week to the performance of your duties (except for vacation periods as set forth herein and reasonable periods of illness or other incapacities permitted by Company's general employment policies) and to give your best efforts to such duties. Your position may require that you travel from time to time as the Company may reasonably request and as shall be appropriate and necessary in the performance of your duties.

2. Effective Date. The effective date of employment shall be March 31, 2017

3. AT-WILL EMPLOYMENT. YOU SHOULD BE AWARE THAT YOUR EMPLOYMENT WITH THE COMPANY IS FOR NO SPECIFIED PERIOD AND CONSTITUTES "AT-WILL" EMPLOYMENT. AS A RESULT, YOU ARE FREE TO TERMINATE YOUR EMPLOYMENT AT ANY TIME, FOR ANY REASON OR FOR NO REASON. SIMILARLY, THE COMPANY IS FREE TO TERMINATE YOUR EMPLOYMENT, AT ANY TIME, FOR "CAUSE" OR FOR NO CAUSE. "CAUSE" SHALL MEAN YOUR: (A) INDICTMENT OR CONVICTION OF ANY FELONY OR OF ANY CRIME INVOLVING DISHONESTY OR MORAL TURPITUDE; (B) PARTICIPATION IN ANY FRAUD AGAINST COMPANY; (C) PERSISTENT FAILURE TO SUBSTANTIALLY PERFORM YOUR MATERIAL JOB DUTIES; PROVIDED, HOWEVER, THAT THE CHIEF EXECUTIVE OFFICER OR THE BOARD OF DIRECTORS SHALL PROVIDE YOU WRITTEN NOTICE OF SUCH FAILURE AND YOU SHALL HAVE FIFTEEN (15) DAYS TO CURE; AND (D) INTENTIONAL DAMAGE TO ANY SIGNIFICANT PROPERTY OF THE COMPANY. IN THE EVENT OF TERMINATION OF YOUR EMPLOYMENT, YOU WILL NOT BE ENTITLED TO ANY PAYMENTS, BENEFITS, OR EMPLOYMENT COMPENSATION OTHER THAN AS SET FORTH HEREIN. BEGINNING MARCH 31, 2017, IF THE COMPANY TERMINATES YOUR EMPLOYMENT WITHOUT CAUSE OR YOU "INVOLUNTARILY TERMINATE" YOUR EMPLOYMENT WITH THE COMPANY, YOU SHALL RECEIVE, AS SEVERANCE, AND UPON YOUR SIGNING A RELEASE OF CLAIMS SATISFACTORY TO THE COMPANY YOUR SALARY AND BENEFITS FOR A PERIOD EQUAL TO ONE (1) MONTH, WITH AN ADDITIONAL MONTH OF SALARY FOR EACH COMPLETED YEAR OF SERVICE UP TO A LIMIT OF SIX (6) MONTHS OF SEVERANCE. SUCH SEVERANCE IS PAYABLE IN ONE LUMP SUM UPON TERMINATION. YOU SHALL BE CONSIDERED TO INVOLUNTARILY TERMINATE YOUR EMPLOYMENT WITH THE COMPANY IF THE COMPANY (A) COMMITS A BREACH OF THIS OFFER LETTER WHICH REMAINS UNCURED FIFTEEN (15) DAYS AFTER YOU PROVIDE WRITTEN NOTICE TO THE COMPANY OF SUCH BREACH, OR (B) CHANGES, WITHOUT YOUR CONSENT OR PURSUANT TO A CORPORATE TRANSACTION (AS DEFINED IN SECTION 6 BELOW), YOUR TITLE OR RESPONSIBILITIES SO THAT YOU ARE NO LONGER CHIEF FINANCIAL OFFICER OF THE COMPANY. IF YOUR EMPLOYMENT IS TERMINATED BY THE COMPANY WITH CAUSE OR YOU VOLUNTARILY TERMINATE YOUR EMPLOYMENT, YOU SHALL NOT BE ENTITLED TO SEVERANCE.

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4. Compensation. The Company will pay you a salary of \$215,020 per annum, payable in amounts of \$ 8,959.17 twice-monthly, less applicable withholdings. Your salary will begin as of the effective date of employment. You will receive a signing bonus, payable on your first day of employment, equal to \$8,959.17. The first and last payment by the Company to you will be prorated, if necessary, to reflect a commencement or termination date other than the first or last working day of a pay period. Your salary and performance shall be reviewed at least annually by the Chief Executive Officer or the Company's board of directors. You may receive increases in annual salary from time to time as determined by the Chief Executive Officer and the Compensation Committee of the Board.

5. Vacation and Benefits. Upon the Effective Date of your employment and then for so long as you are employed by the Company you will accrue 1.67 days of paid time off ("PTO") for each full month you are employed by the Company. Vacation days shall be deducted from your accrued PTO. You shall be entitled to health and dental insurance coverage for you and your dependents, effective immediately upon your commencement of employment, with premiums and other policy limits as is available to other employees of the Company in accordance with Company policies. However, you will be responsible, at your sole cost and expense, for any deductible, co-payment or other expenses not covered by this plan. You may also elect to decline coverage and must do so in writing. Please note that the terms, conditions and costs of our Health Benefit Plan are subject to change. You will also be entitled to standard fringe benefits in accordance with the Company's practices covering employees, as such benefits may be in effect from time to time.

6. Expenses. The Company shall reimburse Executive for all business expenses that are reasonable and necessary and incurred by Executive while performing his duties under this Agreement, upon presentation of expense statements, receipts and/or vouchers or such other information and documentation as the Company may reasonably require. Executive will be subject to the same business expense policy applicable to other Company employees generally, if any.

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7. Stock Option. On the commencement of your employment, Company shall grant to you an option (the "Option") to purchase 18,000 shares of the Company's Common Stock, with an exercise price based on the closing price on the effective date of your employment, pursuant to the Company's 2012 Incentive Stock Plan (the "Plan") adopted by the board of directors and stockholders of the Company. 15,000 of the Option shares will vest in equal monthly installments over 36 months from grant date and 3,000 of the Option shares will vest when the company gets up-listed to either the Nasdaq Market or the NYSE MKT, or such successor trading exchanges. Your vesting schedule for the Option shares shall accelerate if Company is involved in a "Corporate Transaction" as follows: the number of unvested options at the closing date of the Corporate Transaction times the ratio of the time elapsed between the Grant Date and the date of Corporate Transaction over the vesting period (36 months). A Corporate Transaction shall mean (a) a sale of substantially all of the assets of the Company; (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation in which shareholders immediately before the merger or consolidation have, immediately after the merger or consolidation, greater stock voting power than those shareholders of the other party to the merger or consolidation); (c) a reverse merger in which the company is the surviving corporation but the shares of the Company's common stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise (other than a reverse merger in which stockholders immediately before the merger have, immediately after the merger, greater stock voting power than those shareholders of the other party to the merger); or (d) any transaction or series of related transactions in which in excess of 50% of the Company's voting power is transferred.

8. Employee Confidentiality, Non-compete and Inventions Assignment Agreement. As a condition of accepting this offer of employment, you will be required to complete, sign and return the Company's standard form of Employee Confidentiality, Non-compete and Inventions Assignment Agreement.

9. Immigration Laws. For purposes of federal immigration laws, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within 3 business days of the effective date of your employment, or your employment relationship with the Company may be terminated.

10. Conflicting Employment. During the period that you render services to the Company, you will not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will get board approval for any consulting, voluntary, board or other business activities outside of the Company and will disclose any activities that you are currently associated with or participate in. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company. You represent that your signing of this offer letter, agreement(s) representing stock options granted to you, if any, under the Plan and the Company's Employee Confidentiality, Non-Compete and Inventions Assignment Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

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11. Conditions. This offer is conditional upon our obtaining the following:

- Satisfactory Criminal Records Search
- Satisfactory Credit Check
- Completion of Employment Application Form
- Satisfactory verification of prior employment and/or references
- You providing us with copies of your identification (passport, driver's license, social security card and any other identification we may require)

12. Entire Agreement. This offer letter, the Employee Confidentiality, Non-Compete and Inventions Assignment Agreement and the agreement(s) representing stock options granted to you, if any, under the Plan, when signed by you, set forth the terms of your employment with the Company and supersede any and all prior representations and agreements, whether written or oral.

13. Amendment. This offer letter can only be amended in writing signed by you and an officer of the Company. Any waiver of a right under this offer letter must be in writing.

14. Governing Law. This offer letter will be governed under the laws of the State of California applicable to such agreements made and to be performed entirely within such State.

We look forward to you joining the Company. If the foregoing terms are agreeable, please indicate your acceptance by signing the enclosed copy of this letter in the space provided below and returning it to me within three days.

Sincerely,

MYnd Analytics, Inc.

By: /s/ George C. Carpenter IV

George C. Carpenter IV  
CEO

AGREED AND ACCEPTED:

/s/ Donald E. D'Ambrosio

\_\_\_\_\_  
Donald E. D'Ambrosio

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Certification of CEO Pursuant to  
Securities Exchange Act Rules 13a-14 and 15d-14  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002

I, George C. Carpenter IV, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2017

/s/ George C. Carpenter IV  
**Name: George C. Carpenter IV**  
**Title: Chief Executive Officer (Principal Executive Officer)**

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Certification of CFO Pursuant to  
Securities Exchange Act Rules 13a-14 and 15d-14  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald D'Ambrosio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2017

/s/ Donald D'Ambrosio  
Name: **Donald D'Ambrosio**  
Title: **Chief Financial Officer (Principal Financial Officer)**

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (the "Report") by MYnd Analytics, Inc. (the "Registrant"), the undersigned hereby certifies that to the best of his knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 14, 2017

/s/ George C. Carpenter IV  
**George C. Carpenter IV**  
**Chief Executive Officer (Principal Executive Officer)**

Date: August 14, 2017

/s/ Donald D'Ambrosio  
**Donald D'Ambrosio**  
**Chief Financial Officer (Principal Financial Officer)**

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