Overview from the Chairman

2011 is not yet half way through and it is already by far the most productive in the 10 years since Brain Resource began.

From our offices in Sydney and our new San Francisco office, we are now leading participants in a global ‘Brain Race’.

Many companies are emerging in this now mainstream ‘Brain Sector’. However, they primarily focus on only single aspects about the brain, developing single products and targeting single markets.

In direct contrast, five factors set Brain Resource apart from the ‘single approach’ companies:

1. Our focus is on the brain as a system.

2. Our standardized methodology includes all aspects about the brain (integration of: cognition, brain imaging, genomics, clinical, real world functions and performance).

3. Our use of this standardized and integrative methodology has been used to set up the world’s largest brain database.

4. Our translation of the most useful new brain findings from our database into scalable products, that empower individual users to assess, train and improve their brain functions.

5. Our leveraging of established distribution channels for our products to multiple markets include: large employers, health insurance companies, pharmaceutical companies and large clinical consortia, maximizes commercial outcomes.

Our goal is to have 1 million people using Brain Resource products within the next 2 years.

This inaugural Investor Newsletter focuses on three products that have emerged from Brain Resource’s standardized methods and database:

The 3 products are:

- **Brain Training Platform**
- **Clinical Decision Support**
- **Treatment Prediction Research**

These products are servicing huge unmet market needs, particularly in the U.S.

In our monthly Investor Newsletter updates, you will be able to track the number of our data sets, the number of people using our products, and revenue growth.

This update marks our unambiguous intention to build an informed network of ‘aligned’ investors. Investors will not only be attuned to health care reimbursement and pharmaceutical industry changes, but also to the growth of consumer brain training via the web, mobile phones and all major digital platforms.

Each monthly update will also provide information on new strategic initiatives. For example: the Over-The-Counter (OTC) market trading of BRC shares in the U.S. (as BRZY) and the first coverage by a major broker (Southern Cross Equities) as outlined on page 4. We are also pleased to announce that we are in the process of setting up Brain Resource, Inc. a California company that will drive our new U.S. marketing efforts.

Each monthly update will end with a brief profile about a significant new investor.

We look forward to your ongoing participation in this rapidly growing brain commercial sector.

I also invite you to share your feedback and ideas for further growth with us by sending them to: investor@brainresource.com.

Yours sincerely,

Evian Gordon.
Independent market analysis by SharpBrains has estimated the global ‘digital brain health and fitness software training’ market in 2009 to be US$295m (up by 31% from 2008). SharpBrains has predicted a US$4bn market by 2015.

As reported in our December Annual Report, the MyBrainSolutions product in the U.S. was supplying six employers with over 100,000 employees.

News Update:
9 large employers now offer MyBrainSolutions, covering 146,200 employees.

Sales Model Update:
Brain Resource continues to grow in confidence with its repeatable business model with both Channel partners and Direct sales efforts.

Outcomes Update:
Brain Resource published an article in the journal Neuroleadership with data from over 5,000 employees showing 14% improvement in productivity at work by using MyBrainSolutions to train for as little as 2.5 hours over 30 days (on average).

Brain Resource is working with our original strategic channel partner OptumHealth Behavior Solutions and leveraging their respective sales force to acquire new employers.

The Brain Resource sales team is replicating this model by adding new strategic channel partners. They are selling to both large and medium size companies, and employing more sales people to capitalize on the growing opportunities.

The average MyBrainSolutions customer is currently billing at an annualized amount of around $40,000 per year. We anticipate the typical lifetime value of each customer to be five years (or $200,000). In addition, we anticipate up-sells to be likely as a result of the depth of relationship we establish with each customer.
MyBrainSolutions now benefits employees across leading United States corporations, including:

MyBrainSolutions is helping to motivate the most at risk employees to take the necessary steps to improve their health.

Most recently at the Sharp Brains Web Conference, she told more than 250 participants that 1 in 4 survey respondents say they use MyBrainSolutions to reduce stress and get a better life/work balance:

“"We’ve also been using MyBrainSolutions as a differentiator with our Wellness and smoking programs. What better way to lose weight or quit smoking if you know what motivates your brain ... what we started hearing was, this is more than just fun, this really makes a difference.” “If you get the brain right – the rest will follow”."

For a 3 minute video of Kathleen Herath’s exceptional summary of MyBrainSolutions’ benefits - please go to: www.brainresource.com

accenture Wynn Potts VP Health and Productivity at Accenture said:

“"We’re seeing across the chart improvements including an ability to manage stress and life concerns. And user satisfaction was off the charts. I’ve never seen a satisfaction survey that we’ve put out come back so high ... 98%.”"

New Product Release: Thought Challenger

Thought Challenger
Challenge negative thinking to propel yourself forward.
To challenge your thoughts, you view your situation realistically and create alternative thoughts.

Bringing Cognitive Behavior Therapy to Consumers
Thought Challenger draws on the substantive evidence base of Cognitive Behavioral Therapy (C.B.T.) which teaches patients how to transform negative thinking into more productive positive thinking habits.

Latest Learning and Development News

Our latest customer Cisco put out an RFP for a stress and resilience program (which Brain Resource won) and is now offering MyBrainSolutions to their 40,000 U.S. employees.

Brain Resource's new Learning and Development Webinar series was launched with Cisco. A Webinar on “Optimal Sleep” was delivered by Dr Harry Kerasidis and Savannah DeVarney. Over 400 employees attended the Webinar to learn more about the impacts of sleep on brain function and how to train their brains to sleep better (using MyBrainSolutions).

The success of this Webinar launch was a reflection that up-sells such as these are likely to be a success in the employer marketplace.
**Clinical Decision Support**

The WebNeuro report primarily provides a rapid report of a patients’ cognitive strengths and deficit scores through a brief 30 minute assessment that is completed over the web.

**Webneuro** is a brief 30 minute web assessment for someone to quantify their wellness and where they need to focus treatment.

It’s increasingly being used in the management of depression and ADHD.

6.7% of the adult U.S. population suffers from depression. 780,000 clinicians in the U.S. undertake **84.6 million consults from patients concerning Depression**. Antidepressants constitute a US$19bn pa market. Approximately **8% of U.S. children have been diagnosed with ADHD**, driving a US$4bn stimulant medication market.

In addition to the clinical need for ‘objectivity’ in diagnosis and treatment in depression and ADHD, there are two other drivers of increased likelihood of **WebNeuro** reimbursement. These are The Mental Health Parity and Addiction Equity Act of 2010 and The Obama Health Care Reforms. Both highlight prevention and mandate that if a clinician does a screening test for depression, they are required to be reimbursed.

At US$25 per **WebNeuro** report, the Depression consults alone potentially represent a US$2bn market.

In most cases the use of **WebNeuro** by clinicians so far, has been reimbursed.

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**Dr. Harry Kerasidis**

MD, Chesapeake Neurology

“In my Chesapeake Neurology practice, speed, accuracy and quality of reporting has led to the WebNeuro Report becoming an integral part of our team’s clinical decision making and objective assessment of the extent of improvement through repeat testing in approximately 50 patients a month. All cases have been reimbursed so far by a variety of insurance companies.”

Dr. Kerasidis is a Neurologist in Washington DC. He has been the Director of Calvert Memorial Hospital’s Sleep Disorders Center since 1993, Director of the Stroke Center since 2007, and the Director of the Center for Neuroscience since it began in 2010.
As last reported in our annual report Brain Resource clinical products are used by clinicians to deliver improved outcomes for more than 50,000 people.

News Update:
- As of March 2011 Brain Resource in the U.S. has contracted with an additional 15 new clinical groups alone and trained over 120 new clinicians.
- Brain Resource continues to gain momentum in this market with new clinicians signing up every week through referrals.
- Targeted direct sales efforts are commencing for larger clinics with 30 or more clinicians.

Brain Resource is deploying a larger sales and marketing force to service this need and opportunity within the U.S.

In the last three months the sales team has contracted with and trained clinicians at:

Dr Daniel Amen
CEO and Medical Director, Amen Clinics, Inc.

"Brain Resource’s WebNeuro assessment service has become integrated in our practice at our four Amen Clinics. We use WebNeuro to assess our patients for social, emotional and cognitive state. Our patients pay directly for the assessment as part of our integrated treatment package."

Dr Daniel Amen is also using his regular U.S. Public Television appearances to sell MyBrainSolutions as part of his offering.
There are currently no Brain "Biomarkers" or tests that provide objective information about which patients are likely to respond to which class of antidepressants.

Brain Resource currently has the world’s largest treatment prediction study underway - the International Study to Predict Optimized Treatment in depression (ISPOT-D). It aims to identify which Biomarkers (including cognitive, genomic, neuroimaging) accurately predict which patients would be more likely to respond to which one of the 3 most commonly used antidepressive medications.

The team is currently analysing data from 1,008 patients from this study (half way point) and anticipates a patent, publications and making a submission to the FDA for the capabilities of:

a) Identifying those patients who show cognitive changes consistent with depressive symptoms.

b) Offering a likelihood as to whether a patient will preferentially respond to one of the antidepressants.

A treatment response study using Brain Resource methodology is also underway for ADHD (ISPOT-A).

There is growing interest in these results from: (1) clinicians, (2) insurance companies and (3) pharmaceutical companies.

Lea Williams
Brain Resource Science Advisor
(Professor of Cognitive Neuropsychiatry University of Sydney and Stanford University)

“I presented the ISPOT-D study design and its implications at the American Psychiatry Association Conference in Honolulu. The first publication on ISPOT has already been downloaded 1300 times from the Journal site.”

Dan Segal
Brain Resource COO

The initial submission of ISPOT claims to the FDA is being coordinated by Dan Segal (COO), with Brain Resource scientists and FDA Lawyers in Washington. The FDA meeting is anticipated to occur in July.

Brain Resource translates new brain findings from its international database into scalable products for assessing, training and improving brain functions.
New Strategic Initiatives

Over-The-Counter (OTC) share trading in the U.S.

Brain Resource Ltd (ASX:BRC) is pleased to advise that its Level I American Depositary Receipt (ADR) program has now been established. The ADRs are now being quoted on the Over-The-Counter (OTC) market and are tradeable via licensed U.S. brokers in the ordinary course of trading. The share trading code is: BRRZY.

First Major Broker Coverage of Brain Resource

Southern Cross Equities Initiated Research on Brain Resource (BRC) on the 19th May 2011, the first of what we hope will be many brokers covering our growth. Southern Cross Equities is part of a large independent stockbroker and financial advisory group. They have carved a leading position in coverage of the health care sector and have a solid following, including on the back of some recent big wins.

The Southern Cross valuation of Brain Resource is summarized as follows:

“We value Brain Resource at 69 cents base case and $1.03 optimistic case using our forecast FY13 earnings on an EV/EBITDA multiple of 8-12 times. Our 85 cent target price lies at the midpoint of our valuation range”.

New Brain Resource Investor

A quote from Jonathan’s Investor Newsletter about Brain Resource (BRC):

“There are risks with every investment, but with BRC the risk/reward ratio clearly seems to be skewed in our favor right now.

On the winning side, I’d like to focus on a new position for the fund this month, Brain Resource (ASX: BRC), which, in its debut, racked up a 20%+ return in February. BRC is a potential 10x return over the medium to long term for the fund with relatively low risk on the downside. Here’s our investment thesis: BRC is taking advantage of:

1) The brain, brain function and the relationship of the two to disease manifestation (Depression, ADHD, Alzheimers, etc) are large markets and are some of the next big medical frontiers.

2) Personalized medicine (e.g. not everyone is built the same and therefore, should be treated individually)”.

Jonathan Bulkeley
Founder and Chief Investment Officer
Blue Square Capital Management LLC

Jonathan Bulkeley was CEO of BarnesAndNobel.com from 1999-2000, among other prestigious operational and board positions.