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 March 31, 2017

or

☐ 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: 001-34822

MRI Interventions, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**58-2394628**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
5 Musick Irvine, California	**92618**
(Address of Principal Executive Offices)	(Zip Code)

(949) 900-6833
(Registrant's Telephone Number, Including Area Code)

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 Web site, 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 ☐	Smaller Reporting Company☒
(Do not check if smaller reporting company)	Emerging Growth 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 May 9, 2017, there were 3,710,365 shares of common stock outstanding.

MRI INTERVENTIONS, INC.

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Trademarks, Trade Names and Service Marks

ClearPoint®, *ClearTrace*®, *MRI Interventions*® and *SmartFrame*® are trademarks of MRI Interventions, Inc. Any other trademarks, trade names or service marks referred to in this Quarterly Report on Form 10-Q (this "Quarterly Report") are the property of their respective owners. As used in this Quarterly Report, Brainlab refers to Brainlab AG and its affiliates.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains "forward-looking statements" as defined under the United States federal securities laws. The forward-looking statements are contained principally in the section of this Quarterly Report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability to obtain additional financing;
- estimates regarding the sufficiency of our cash resources;
- future revenues from sales of ClearPoint system products; and
- our ability to market, commercialize and achieve broader market acceptance for our ClearPoint system products.

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. You should refer to the section titled "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which we filed with the SEC on March 9, 2017, for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by the forward-looking statements contained in this Quarterly Report. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake to update any of the forward-looking statements after the date of this Quarterly Report, except to the extent required by applicable securities laws.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MRI INTERVENTIONS, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,969,597	$ 3,315,774
Accounts receivable	1,009,775	865,943
Inventory, net	1,809,020	1,768,382
Prepaid expenses and other current assets	95,625	134,996
Total current assets	4,884,017	6,085,095
Property and equipment, net	383,534	328,249
Software license inventory	906,900	976,900
Other assets	16,300	10,641
Total assets	$ 6,190,751	$ 7,400,885
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,308,056	$ 1,546,926
Accrued compensation	811,951	666,060
Other accrued liabilities	618,839	450,424
Derivative liabilities	224,219	131,173
Deferred product and service revenues	263,097	223,117
Total current liabilities	3,226,162	3,017,700
Accrued interest	577,125	647,500
Senior secured note payable	2,000,000	2,000,000
2014 junior secured notes payable, net of unamortized discount and deferred issuance costs of $160,688 and $180,774 at March 31, 2017 and December 31, 2016, respectively	1,814,312	1,794,226
2010 junior secured notes payable, net of unamortized discount of $2,221,936 and $2,302,472 at March 31, 2017 and December 31, 2016, respectively	778,064	697,528
Total liabilities	8,395,663	8,156,954
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $0.01 par value; 25,000,000 shares authorized at March 31, 2017 and December 31, 2016; none issued and outstanding at March 31, 2017 and December 31, 2016	-	-
Common stock, $0.01 par value; 200,000,000 shares authorized at March 31, 2017 and December 31, 2016; 3,622,032 shares issued and outstanding at March 31, 2017 and December 31, 2016	36,220	36,220
Additional paid-in capital	93,283,370	93,076,475
Accumulated deficit	(95,524,502)	(93,868,764)
Total stockholders' deficit	(2,204,912)	(756,069)
Total liabilities and stockholders' deficit	$ 6,190,751	$ 7,400,885

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended March 31,	
	2017	**2016**
Revenues:		
Product revenues	$ 1,922,215	$ 1,366,153
Other service revenues	84,857	27,981
Total revenues	2,007,072	1,394,134
Cost of product revenues	752,464	696,546
Research and development costs	557,699	657,192
Selling, general, and administrative expenses	2,050,529	1,974,249
Operating loss	(1,353,620)	(1,933,853)
Other income (expense):		
Gain (loss) on change in fair value of derivative liabilities	(93,046)	160,118
Other income, net	4,127	75,142
Interest expense, net	(213,199)	(345,225)
Net loss	$ (1,655,738)	$ (2,043,818)
Net loss per share attributable to common stockholders:		
Basic and diluted	$ (0.46)	$ (0.89)
Weighted average shares outstanding:		
Basic and diluted	3,622,032	2,291,147

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For The Three Months Ended March 31,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (1,655,738)	$ (2,043,818)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	36,121	41,022
Share-based compensation	206,896	260,149
Expenses paid through the issuance of common stock	-	192,166
(Gain) loss on change in fair value of derivative liabilities	93,046	(160,118)
Amortization of debt issuance costs and original issue discounts	100,622	151,759
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(143,832)	(279,494)
Inventory	(62,043)	217,873
Prepaid expenses and other current assets	39,371	(18,114)
Other assets	(5,659)	(58,473)
Accounts payable and accrued expenses	5,059	52,790
Deferred revenue	39,980	35,697
Net cash flows from operating activities	(1,346,177)	(1,608,561)
Cash flows from investing activities:		
Purchases of property and equipment	-	(77,649)
Net cash flows from investing activities	-	(77,649)
Cash flows from financing activities:		
Payment of 2015 private placement financing costs	-	(140,086)
Net cash flows from financing activities	-	(140,086)
Net change in cash and cash equivalents	(1,346,177)	(1,826,296)
Cash and cash equivalents, beginning of period	3,315,774	5,408,523
Cash and cash equivalents, end of period	$ 1,969,597	$ 3,582,227
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Income taxes	$ -	$ -
Interest	$ 146,611	$ 223,500

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Consolidated Statements of Cash Flows (continued)
(Unaudited)

NON-CASH INVESTING AND FINANCING TRANSACTIONS:

- During the three months ended March 31, 2017, the Company recorded net transfers of ClearPoint reusable components having an aggregate net book value of $91,405 from inventory to loaned systems, which are included in property and equipment in the accompanying condensed consolidated balance sheet. During the three months ended March 31, 2016, the Company recorded net transfers of ClearPoint reusable components having an aggregate net book value of $24,223 from loaned systems to inventory.

1. Description of the Business and Liquidity

MRI Interventions, Inc. (the "Company") is a medical device company focused on the development and commercialization of technology that enables physicians to see inside the brain and heart using direct, intra-procedural magnetic resonance imaging ("MRI") guidance while performing minimally invasive surgical procedures. The Company was incorporated in the state of Delaware in March 1998. The Company's principal executive office and principal operations are located in Irvine, California. The Company established MRI Interventions (Canada) Inc., a wholly-owned subsidiary incorporated in Canada, in August 2013. This subsidiary was established primarily for the purpose of performing software development, and its activities are reflected in these condensed consolidated financial statements.

The Company's ClearPoint system, an integrated system comprised of reusable and disposable products, is designed to allow minimally invasive procedures in the brain to be performed in an MRI suite. The Company received 510(k) clearance from the U.S. Food and Drug Administration ("FDA") in 2010 to market the ClearPoint system in the United States for general neurological interventional procedures. The Company's ClearTrace system is a product candidate under development that is designed to allow catheter-based minimally invasive procedures in the heart to be performed in an MRI suite. Although still a product candidate, the Company has suspended its efforts to commercialize the ClearTrace system.

Liquidity and Management's Plans

The cumulative net loss from the Company's inception through March 31, 2017 was approximately $96 million. Net cash used in operations was $1.3 million for the three months ended March 31, 2017. Since inception, the Company has financed its operations principally from the sale of equity securities, the issuance of notes payable and license arrangements. Recent financing activities consist of: (i) a September 2016 private placement of equity, which resulted in net cash proceeds of $3.8 million and the conversion of $1.75 million in debt (the "2016 PIPE"); (ii) a December 2015 private placement of equity, which resulted in net cash proceeds of $4.7 million (the "2015 PIPE"); (iii) a December 2014 private placement of equity, which resulted in net cash proceeds of $9.4 million (the "2014 PIPE"); and (iv) a March 2014 private placement of debt and warrants, which resulted in net cash proceeds of $3.5 million (the "2014 Secured Notes").

In addition, as discussed in Note 4:

- On April 4, 2016 (the "Closing Date"), the Company and Brainlab AG ("Brainlab") finalized a securities purchase agreement (the "2016 Purchase Agreement") that provided, among other items, for the restructuring of a senior secured note payable to Brainlab, which was originally issued to Brainlab on April 5, 2011, and subsequently amended and restated on March 6, 2013 (the "Brainlab Note"). The restructuring of the Brainlab Note resulted in a reduction of the principal amount outstanding under the Brainlab Note, which is reflected in a new, amended and restated note payable to Brainlab that matures on December 31, 2018 (the "New Brainlab Note").

- Pursuant to amendments executed on August 31, 2016 by the Company and certain noteholders (the "2014 Convertible Note Holders") upon completion of the 2016 PIPE, an aggregate $1.75 million of principal balance of such holders' 2014 junior secured notes automatically converted into units, each unit consisting of one share of the Company's common stock and one warrant to purchase 0.90 share of the Company's common stock, based on the offering price per unit in the 2016 PIPE.

The Company's plans for the next twelve months reflect management's anticipation of increases in revenues from sales of the ClearPoint system and related disposable products as a result of greater utilization at existing installed sites and the installation of the ClearPoint system at new sites. Management also anticipates maintaining recurring operating expenses at historical levels, with expected decreases in general and administrative expenses being offset by increases in selling and marketing expenses associated with the anticipated growth in revenues. However, there is no assurance that the Company will be able to achieve its anticipated results, and even in the event such results are achieved, the Company expects to continue to consume cash in its operations over at least the next twelve months.

As a result of the foregoing, the Company believes it will be necessary to seek additional financing from the sale of equity or debt securities, which would result in dilution to the Company's current stockholders, the establishment of a credit facility, or the entry into an agreement with a strategic partner or some other form of collaborative arrangement. There is no assurance, however, that the Company will be able to obtain such additional financing on commercially reasonable terms, if at all, and there is no assurance that any additional financing that the Company does obtain will be sufficient to meet its needs. If the Company is not able to obtain the additional financing on a timely basis, the Company may be unable to achieve its anticipated results, and the Company may not be able to meet its other obligations as they become due. As such, there is substantial doubt as to the Company's ability to continue as a going concern within one year after the issuance date of these financial statements.

The accompanying condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on a basis consistent with the Company's December 31, 2016 audited consolidated financial statements, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. These condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") Securities and Exchange Commission ("SEC") rules for interim financial information, and, therefore, omit certain information and footnote disclosures necessary to present such statements in accordance with generally accepted accounting principles in the U.S. ("GAAP"). The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on March 9, 2017 (our "2016 Form 10-K"). The accompanying unaudited condensed consolidated balance sheet as of December 31, 2016 has been derived from the audited consolidated financial statements at that date, but does not include all information and footnotes required by GAAP for a complete set of financial statements. The results of operations for the three months ended March 31, 2017 may not be indicative of the results to be expected for the entire year or any future periods.

Reverse Stock Split

As discussed in Note 5, the Company effectuated a 1-for-40 reverse stock split of its issued common stock on July 26, 2016. All disclosure of common shares and per share data in the accompanying condensed consolidated financial statements and related notes have been adjusted retroactively to reflect the reverse stock split for all periods presented.

Derivative Liabilities

Derivative liabilities represent the fair value of conversion features of certain notes and of certain warrants to purchase common stock (see Note 6). These derivative liabilities are calculated utilizing the Monte Carlo simulation valuation method. Changes in the fair values of these warrants are recognized as other income or expense in the related condensed consolidated statements of operations.

Fair Value Measurements

The Company measures and records certain financial assets and liabilities at fair value on a recurring basis. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority, referred to as Level 1, to quoted prices in active markets for identical assets and liabilities. The next priority, referred to as Level 2, is given to quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active; that is, markets in which there are few transactions for the asset or liability. The lowest priority, referred to as Level 3, is given to unobservable inputs. The table below reflects the level of the inputs used in the Company's fair value calculations:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
March 31, 2017				
Derivative liabilities - warrants	$ -	$ -	$ 176,719	$ 176,719
Derivative liabilities – debt conversion feature			47,500	47,500
December 31, 2016				
Derivative liabilities - warrants	$ -	$ -	$ 91,173	$ 91,173
Derivative liabilities – debt conversion feature	$ -	$ -	$ 40,000	$ 40,000

Inputs used in the Company's Level 3 calculation of fair value include the assumed dividend rate on the Company's common stock, risk-free interest rates and stock price volatility, all of which are further discussed in Note 6.

Carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short maturities.

The table below reflects the carrying values and the estimated fair values, based on Level 3 inputs, of the Company's outstanding notes payable, including the related accrued interest, at March 31, 2017:

	Carrying Values	Estimated Fair Values
Senior secured note payable, including accrued interest	$ 2,027,500	$ 2,027,500
2014 junior secured notes payable, including accrued interest	1,822,687	1,983,375
2010 junior secured notes payable, including accrued interest	1,451,814	2,858,412

Inventory

Inventory is carried at the lower of cost (first-in, first-out method) or net realizable value. Items in inventory relate predominantly to the Company's ClearPoint system. Software license inventory that is not expected to be utilized within the next twelve months is classified as a non-current asset. The Company periodically reviews its inventory for obsolete items and provides a reserve upon identification of potential obsolete items.

Revenue Recognition

The Company's revenues are comprised of: (1) product revenues resulting from the sale of ClearPoint system reusable products and disposable products; and (2) other service revenues. The Company recognizes revenue when persuasive evidence of an arrangement exists, the selling price or fee is fixed or determinable, collection is reasonably assured, and, for product revenues, risk of loss has transferred to the customer. For all sales, the Company requires either a purchase agreement or a purchase order as evidence of an arrangement. The Company analyzes revenue recognition on a case-by-case basis, and determines if the deliverables under the arrangement represent separate units of accounting as defined by GAAP. Application of GAAP regarding multiple-element arrangements requires the Company to make subjective judgments about the values of the individual elements and whether delivered elements are separable from the other aspects of the contractual relationship.

(1) *Product Revenues*

Sales of ClearPoint system reusable products: The predominance of ClearPoint system reusable product sales (consisting primarily of integrated computer hardware and software) are preceded by customer evaluation periods, generally with 90-day terms. During these evaluation periods, installation of, and training of customer personnel on, the systems have been completed and the systems have been in operation. Accordingly, reusable product sales following such evaluation periods are recognized on the basis of an executed purchase agreement or purchase order that provide for risk of loss to pass to the customer. Sales of reusable products not having been preceded by an evaluation period are recognized on an individual agreement basis as described in the preceding paragraph.

Sales of ClearPoint system disposable products: Revenues from the sale of disposable products, including ClearPoint system disposable products, are recognized at the time risk of loss passes to the customer, which is generally at the shipping point or upon delivery to the customer's location, depending on the agreed upon terms with the customer.

(2) *Other Service Revenues*

Other service revenues are comprised of installation fees, training fees, shipping fees and service fees charged in connection with ClearPoint system installations and ClearPoint system service agreements. Typically, the Company bills upfront for service agreements, which have terms ranging from one to three years. These amounts are recognized as revenue ratably over the term of the related service agreement.

Net Loss Per Share

The Company computes net loss per share using the weighted-average number of common shares outstanding during the period. Basic and diluted net loss per share are the same because the conversion, exercise or issuance of all potential common stock equivalents, which comprise the entire amount of the Company's outstanding common stock options and warrants as described in Note 5, would be anti-dilutive.

Concentration Risks and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company holds its cash and cash equivalents on deposit with financial institutions in the U.S. insured by the Federal Deposit Insurance Corporation. At March 31, 2017, the Company had no bank balances that were in excess of the insured limits.

At March 31, 2017, two customers represented 20% and 13% of the Company's accounts receivable balance. At December 31, 2016, three customers represented 20%, 13% and 10% of the Company's accounts receivable balance. No other customer represented more than 9% of total accounts receivable at each of March 31, 2017 and December 31, 2016.

For the three months ended March 31, 2017, sales to one customer represented 12% of product revenues, and for the three months ended March 31, 2016, sales to one customer represented 11% of product revenues. In each of the three-month periods ended March 31, 2017 and 2016, no other single customer accounted for more than 9% of product revenues. Prior to granting credit, the Company performs credit evaluations of its customers' financial condition, and generally does not require collateral from its customers. The Company will provide an allowance for doubtful accounts when collections become doubtful. The allowance for doubtful accounts at March 31, 2017 and December 31, 2016 was $31,000 and $25,000, respectively.

The Company is subject to risks common to emerging companies in the medical device industry, including, but not limited to: new technological innovations; acceptance and competitiveness of its products; dependence on key personnel; dependence on key suppliers; changes in general economic conditions and interest rates; protection of proprietary technology; compliance with changing government regulations; uncertainty of widespread market acceptance of products; access to credit for capital purchases by customers; and product liability claims. Certain components used in manufacturing have relatively few alternative sources of supply, and establishing additional or replacement suppliers for such components cannot be accomplished quickly. The inability of any of these suppliers to fulfill the Company's supply requirements may negatively impact future operating results.

Recent Accounting Pronouncements

In August 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-14 as an amendment to ASU 2014-09, "Revenue from Contracts with Customers," which created a new Topic, Accounting Standards Codification ("ASC") Topic 606. The standard is principle-based and provides a five-step model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue when it transfers 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. This standard, and ASUs 2016-10, 2016-12 and 2016-20 discussed below, are effective for the Company beginning in 2018. Earlier application is permitted only as of 2017.

- In April 2016, the FASB issued ASU 2016-10, "Revenues from Contracts With Customers (Topic 606): Identifying Performance Obligations and Licensing," which clarified guidance related to identifying performance obligations and licensing implementation guidance contained in ASC Topic 606 as promulgated by ASU 2015-14 discussed above.

- In May 2016, the FASB issued ASU 2016-12, "Revenues from Contracts With Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," which address narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition. Additionally, the amendments in this ASU provide a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers.

- In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts With Customers," which provided for minor corrections and minor improvements that are not expected to have a significant effect on the Company's current accounting practice.

The Company believes, based on a preliminary assessment in which the Company considered such factors as the short duration of its contract terms with customers, that the adoption of ASU 2015-14, and the subsequently issued related ASUs discussed above, will not have a material effect on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases," which created a new Topic, ASC Topic 842 and established the core principle that a lessee should recognize the assets, representing rights-of-use, and liabilities to make lease payments, that arise from leases. For leases with a term of 12 months or less, a lessee is permitted to make an election under which such assets and liabilities would not be recognized, and lease expense would be recognized generally on a straight-line basis over the lease term. This standard is effective for the Company beginning in 2019, and early application is permitted. The Company currently has two leases, for manufacturing and office space, that would be subject to the provisions of ASU 2016-02. The Company believes that adoption of ASC Topic 842 will result in the establishment on the Company's consolidated balance sheet of an asset and liability for each such lease, but that neither such assets and liabilities, nor the resulting lease expense recognition, will have a material effect on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. The standard is effective for the Company beginning in 2018, and early adoption is permitted. The Company believes that adoption of ASU 2016-15 will not have a material effect on its consolidated financial statements.

3. Inventory

Inventory consists of the following as of:

	March 31, 2017	December 31, 2016
Raw materials and work in process	$ 1,214,884	$ 1,025,368
Software licenses	105,000	70,000
Finished goods	489,136	673,014
Inventory included in current assets	1,809,020	1,768,382
Software licenses – non-current	906,900	976,900
	$ 2,715,920	$ 2,745,282

4. Notes Payable

Senior Secured Note Payable

Indebtedness outstanding under the New Brainlab Note at March 31, 2017 and December 31, 2016 was $2.0 million and matures on December 31, 2018. The New Brainlab Note bears interest at 5.5% per annum payable quarterly in arrears, and is collateralized by a senior security interest in the assets of the Company.

2016 Purchase Agreement

Under the 2016 Purchase Agreement, the Company, among other items: (i) paid to Brainlab all accrued and unpaid interest on the Brainlab Note, in the amount of approximately $740,000; (ii) amended and restated the Brainlab Note on the terms described below; (iii) entered into a patent and technology license agreement with Brainlab (the "License Agreement") for software relating to the Company's SmartFrame device, in consideration for the cancellation of $1.0 million of the principal amount of the Brainlab Note; (iv) issued to Brainlab, in consideration for the cancellation of approximately $1.3 million of the principal amount of the Brainlab Note, 99,310 units, with each unit consisting of: (a) one share of the Company's common stock; (b) a warrant to purchase 0.4 share of common stock (the "2016 Series A Warrants"); and (c) a warrant to purchase 0.3 shares of common stock (the "2016 Series B Warrants"); and (v) entered into a Registration Rights Agreement (the "2016 Registration Rights Agreement"), pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of the shares of common stock issued to Brainlab under the 2016 Purchase Agreement, as well as the shares of common stock that are issuable upon exercise of the 2016 Series A Warrants and 2016 Series B Warrants (together, the "2016 Warrants").

The 2016 Purchase Agreement contains covenants, representations and warranties by the Company and Brainlab (including indemnification from the Company in the event of breaches of its representations and warranties), which the Company believes are customary for transactions of this type.

2016 Registration Rights Agreement

The 2016 Registration Rights Agreement imposed deadlines by which the Company was required to file the 2016 Registration Statement and use its best efforts to have the 2016 Registration Statement declared effective. The 2016 Registration Statement was filed, and declared effective on June 20, 2016, within the deadlines imposed by the 2016 Registration Rights Agreement. The 2016 Registration Rights Agreement also required the Company to continuously maintain the effectiveness of the 2016 Registration Statement for a period that ended on the first anniversary of the Closing Date, with which the Company was in compliance for the required period. The 2016 Registration Rights Agreement also contains mutual indemnifications by the Company and Brainlab, which the Company believes are customary for transactions of this type.

2016 Warrants

The 2016 Series A Warrants and 2016 Series B Warrants are exercisable, in full or in part, at any time prior to the fifth anniversary of their issuance, at an exercise price of $16.23 per share (before giving effect to the Note Conversion as defined below) and $21.10 per share, respectively. The 2016 Warrants provide for certain adjustments that may be made to the exercise price and the number of shares issuable upon exercise due to future corporate events or otherwise. In the case of certain fundamental transactions affecting the Company, the holder of such 2016 Warrants, upon exercise of such warrants after such fundamental transaction, will have the right to receive, in lieu of shares of the Company's common stock, the same amount and kind of securities, cash or property that such holder would have been entitled to receive upon the occurrence of the fundamental transaction, had the 2016 Warrants been exercised immediately prior to such fundamental transaction. The 2016 Warrants contain a "cashless exercise" feature that allows the holders to exercise the warrants without a cash payment to the Company upon the terms set forth in the respective 2016 Warrant agreements.

Non-Exclusive License Agreement

On the Closing Date and pursuant to the 2016 Purchase Agreement, the Company and Brainlab entered into the License Agreement, for software relating to the Company's SmartFrame device, for use in neurosurgery. The License Agreement does not affect the Company's ability to continue to independently develop, market and sell its own software for the SmartFrame device.

2014 Junior Secured Notes Payable

In March 2014, the Company entered into securities purchase agreements for the private placement of: (i) the 2014 Secured Notes, which were second-priority secured non-convertible promissory notes; and (ii) warrants to purchase 0.01 shares of the Company's common stock for each dollar in principal amount of the 2014 Secured Notes sold by the Company. Pursuant to those securities purchase agreements, the Company sold 2014 Secured Notes in a total aggregate principal amount of $3,725,000, together with warrants to purchase up to 27,937 shares of common stock, for aggregate gross proceeds of $3,725,000, before placement agent commissions and other expenses.

The 2014 Secured Notes have a five-year term and bear interest at a rate of 12% per year, payable semi-annually, in arrears. The 2014 Secured Notes are not convertible into shares of the Company's common stock. Following the third anniversary of the issuance date, the 2014 Secured Notes may be prepaid, without penalty or premium, provided that all principal and unpaid accrued interest under all 2014 Secured Notes is prepaid at the same time. Prior to the third anniversary of the issuance date, the Company may prepay all, but not less than all, of the principal and unpaid accrued interest under the 2014 Secured Notes at any time, subject to the Company's payment of the additional prepayment premium stated in the notes. The 2014 Secured Notes are collateralized by a security interest in the Company's property and assets, which security interest is junior and subordinate to the security interest that collateralizes the New Brainlab Note.

The warrants issued to the investors (the "investor warrants") are exercisable, in full or in part, at any time prior to the fifth anniversary of the issuance date, at an original exercise price of $70.00 per share, subject to adjustment from time-to-time for stock splits or combinations, stock dividends, stock distributions, recapitalizations and other similar transactions. Assumptions used in calculating the fair value of the investor warrants using the Black-Scholes valuation model were:

Dividend yield	0%
Expected volatility	47.5% - 47.7%
Risk free interest rates	1.73% - 1.76%
Expected life (in years)	5.0

Under GAAP, the Company allocated the $3,725,000 in proceeds proportionately between the 2014 Secured Notes and the investor warrants based on their relative fair values, with $413,057 being allocated to the fair value of the investor warrants, recorded as equity. The 2014 Secured Notes were recorded at the principal amount, less a discount equal to $413,057. After giving effect to the conversions discussed below under the heading *"August 31, 2016 Amendments,"* the unamortized discount at March 31, 2017 and December 31, 2016 was $108,431 and $121,985, respectively. This discount is being amortized to interest expense over the five-year term of the 2014 Secured Notes using the effective interest method. The carrying amount of the 2014 Secured Notes in the accompanying condensed consolidated balance sheets is also presented net of issuance costs, as discussed further below.

Non-employee directors of the Company purchased a total of $1,100,000 of the 2014 Secured Notes, either directly or through a trust. The Company's placement agents earned cash commissions of $145,500 as well as warrants (the "placement agent warrants") to purchase 1,818 shares of the Company's common stock. The placement agent warrants have the same terms and conditions as the investor warrants.

The placement agent cash commissions, the $30,210 fair value of the placement agent warrants, and other offering expenses, aggregating $76,186, were recorded as deferred financing costs and are presented as reductions of the carrying amount of the 2014 Secured Notes in the accompanying condensed consolidated balance sheets. These deferred financing costs, having an unamortized balance of $52,257 and $58,789 at March 31, 2017 and December 31, 2016, respectively, are being amortized to interest expense over the term of the 2014 Secured Notes using the effective interest method.

2010 Junior Secured Notes Payable

In November 2010, the Company issued units consisting of a junior secured note (the "2010 Secured Notes") and one share of the Company's common stock. An aggregate of 267,857 units were issued, and the Company received proceeds of $3,000,000 representing the aggregate principal amount of the 2010 Secured Notes. The 2010 Secured Notes mature in November 2020, accrue interest at the rate of 3.5% per year, and are collateralized by a security interest in the assets of the Company, which security interest is junior and subordinate to the security interests that collateralize the New Brainlab Note and the 2014 Secured Notes. All outstanding principal and interest on the 2010 Secured Notes will be due and payable in a single payment upon maturity.

Under GAAP, the Company allocated the $3 million in proceeds from the sale of the units between the 2010 Secured Notes and the shares of common stock based on their relative fair values, with the fair value of the notes being estimated based on an assumed market interest rate for notes of similar terms and risk, and the fair value of the Company's common stock being estimated by management using a market approach, with input from a third-party valuation specialist. The allocation of such relative fair values resulted in $2,775,300 being allocated to the value of the shares of common stock, which was recorded as equity. The 2010 Secured Notes were recorded at the principal amount of $3,000,000, less a discount equal to $2,775,300. The unamortized discount at March 31, 2017 and December 31, 2016 was $2,221,936 and $2,302,472, respectively. This discount is being amortized to interest expense over the 10-year term of the notes using the effective interest method.

Four then-serving officers of the Company purchased an aggregate of 22,068 units in the offering for $247,164. In addition, three non-employee directors of the Company also purchased an aggregate of 14,180 units in the offering for $158,816.

June 30, 2016 Amendments

On June 30, 2016, the Company entered into amendments (the "First Amendments") with: (a) Brainlab, with respect to the New Brainlab Note; and (b) the 2014 Convertible Note Holders, one of which is a trust for which one of the Company's non-employee directors serves as a trustee, having an aggregate principal balance of $3 million. Pursuant to the First Amendments, the parties agreed that, in the event the Company closes a qualified public offering: (i) $500,000 of the principal balance of the New Brainlab Note and an aggregate $1.5 million of the principal balance of the 2014 Secured Notes, plus all unpaid accrued interest on such principal amounts, would automatically convert into the security offered in the qualified public offering, based on the public offering price of that security; and (ii) the exercise price for 34,957 shares of common stock underlying warrants issued in connection with the New Brainlab Note and 11,250 shares of common stock underlying warrants issued in connection with the 2014 Secured Notes would be reduced to equal the greater of (x) the public offering price of the security offered in the qualified public offering, or (y) if the security offered in the qualified public offering is or includes convertible stock or common stock warrants, the highest price per whole share for which the Company's common stock is issuable upon conversion of such convertible stock or upon exercise of such common stock warrants. As discussed under the heading "*August 31, 2016 Amendments,*" the 2014 Convertible Note Holders subsequently entered into the Second Amendments (defined below), which superseded the First Amendments, and converted the 2014 Principal (defined below), under the terms of the Second Amendments.

The provisions of the First Amendments created: (a) a conversion feature allowing for the principal balances described above, plus all unpaid related accrued interest, to be converted into the security offered in the public offering, and at a price that may be less than the market value per share of the Company's common stock; and (b) down round strike price protection with respect to the warrants, both of which, under GAAP, are required to be accounted for as derivatives, the calculation and accounting for which is described in Note 6.

August 31, 2016 Amendments

On August 31, 2016, the Company entered into second amendments (the "Second Amendments") with the 2014 Convertible Note Holders.

Pursuant to the Second Amendments, the parties agreed that, in the event the Company closes a PIPE Transaction (as that term is defined in the Second Amendments; the "2016 PIPE"): (i) an aggregate $1.75 million of aggregate principal balance of the 2014 Convertible Note Holders' 2014 Secured Notes (the "2014 Principal") would automatically convert into the security offered by the Company in the 2016 PIPE, based on the offering price of that security in the 2016 PIPE (the "Note Conversion"); and (ii) the exercise price for 13,125 shares of common stock that may be purchased upon exercise of warrants issued in connection with the issuance of the 2014 Secured Notes (the "2014 Warrants") will be reduced to equal the greater of (x) the offering price of the security offered in the 2016 PIPE, or (y) if the security offered in the 2016 PIPE is or includes convertible stock or common stock warrants, the highest price per whole share for which the Company's common stock is issuable upon conversion of such convertible stock or upon exercise of such common stock warrants. These provisions maintained but modified: (a) the conversion feature allowing for the 2014 Principal to be converted into the security offered in the 2016 PIPE, and at a price that may be less than the market value per share of the Company's common stock; and (b) the down round strike price protection with respect to the 2014 Warrants, both of which, under GAAP, are required to be accounted for as derivatives, the calculation and accounting for which is described in Note 6.

As described in Note 5, the 2016 PIPE (which constituted a "PIPE Transaction" as defined in the Second Amendments) was completed on September 2, 2016, resulting in (i) conversion of the 2014 Principal, and (ii) establishment of a fixed exercise price and elimination of the down round price protection with respect to the 2014 Warrants, in conformity with the terms set forth in the Second Amendments. Accordingly, concurrent with completion of the 2016 PIPE, derivative liabilities associated with the conversion feature of the 2014 Principal and the down round price protection for the 2014 Warrants were reduced by $1,207,813, with a corresponding amount being recorded as an increase to stockholders' equity.

Scheduled Notes Payable Maturities

Scheduled principal payments as of March 31, 2017 with respect to notes payable are summarized as follows:

Years ending December 31,	
2018	$ 2,000,000
2019	1,975,000
2020	3,000,000
Total scheduled principal payments	6,975,000
Less: Unamortized discounts	(2,330,367)
Unamortized deferred financing costs	(52,257)
	$ 4,592,376

5. Stockholders' Equity

Reverse Stock Split

On July 26, 2016, the Company effectuated a 1-for-40 reverse stock split of its issued common stock. The reverse stock split did not cause an adjustment to the par value of the authorized shares of common stock. As a result of the reverse stock split, the share and per-share amounts under the Company's various share-based compensation plans, share-based compensatory contracts and warrants with third parties were adjusted. No fractional shares were issued in connection with the reverse stock split. All disclosure of common shares and per share data in the accompanying condensed consolidated financial statements and related notes have been adjusted retroactively to reflect the reverse stock split for all periods presented.

Issuance of Common Stock in Lieu of Cash Payments

Under the terms of the Amended and Restated Non-Employee Director Compensation Plan, each non-employee member of the Company's Board of Directors may elect to receive all or part of his or her director fees in shares of the Company's common stock. Director fees, whether paid in cash or in shares of common stock, are payable quarterly on the last day of each fiscal quarter. The number of shares of common stock issued to directors is determined by dividing the product of: (i) the fees otherwise payable to each director in cash, times (ii) the percentage of fees the director elected to receive in shares of common stock, by (iii) the volume weighted average price per share of common stock over the last five trading days of the quarter. During the three months ended March 31, 2016, 2,824 shares were issued to directors as payment for director fees in lieu of cash. No shares were issued to directors as payment for director fees during the three months ended March 31, 2017.

Stock Incentive Plans

The Company has various share-based compensation plans and share-based compensatory contracts (collectively, the "Plans") under which it has granted share-based awards, such as stock grants, and incentive and non-qualified stock options, to employees, directors, consultants and advisors. Awards may be subject to a vesting schedule as set forth in individual award agreements. Certain of the Plans also have provided for cash-based performance bonus awards.

Since June 2015, the Company has granted share-based awards under the MRI Interventions, Inc. Amended and Restated 2013 Incentive Compensation Plan (the "Amended 2013 Plan"). Under the Amended 2013 Plan, a total of 156,250 shares of the Company's common stock are reserved for issuance. Of this amount, stock grants of 41,794 shares have been awarded and option grants, net of options terminated, expired or forfeited, of 102,700 shares were outstanding as of March 31, 2017. Accordingly, 11,756 shares remained available for grants under the Amended 2013 Plan as of that date.

Stock option activity under all of the Company's equity compensation plans during the three months ended March 31, 2017 is summarized below:

	Shares	**Weighted - Average Exercise Price**
Outstanding at December 31, 2016	337,441	$ 42.07
Granted	2,000	2.55
Forfeited	(23,875)	45.53
Outstanding at March 31, 2017	315,566	$ 42.33

The estimated grant date fair values of options granted during the three months ended March 31, 2017 were calculated using the Black-Scholes valuation model, based on the following assumptions:

Dividend yield	0%
Expected volatility	51.79%
Risk free interest rates	2.11%
Expected lives (in years)	6.0

The Company records share-based compensation expense on a straight-line basis over the related vesting period. For the three months ended March 31, 2017 and 2016, share-based compensation expense related to options was:

Three Months Ended March 31,	
2017	**2016**
$ 206,896	$ 260,149

As of March 31, 2017, there was unrecognized compensation expense of $670,911 related to outstanding stock options, which is expected to be recognized over a weighted average period of 1.23 years.

Warrants

Warrants have generally been issued for terms of up to five years. Common stock warrant activity for the three months ended March 31, 2017 was as follows:

	Shares	Weighted - Average Exercise Price
Outstanding at December 31, 2016	1,991,293	$ 13.00
Issued	-	-
Exercised	-	-
Terminated	(57,720)	38.43
Outstanding at March 31, 2017	1,933,573	$ 12.71

6. Derivative Liabilities

As discussed in Note 4, on June 30, 2016, the Company entered into the First Amendment with respect to the New Brainlab Note, the provisions of which created: (a) a conversion feature allowing for $500,000 of the principal balance of the New Brainlab Note to be converted into the security offered in a qualified public offering, and at a price that may be less than market value per share of the Company's common stock; and (b) down round protection with respect to the exercise price for 34,957 shares of common stock underlying warrants issued in connection with the New Brainlab Note.

In addition, warrants issued in 2012 and 2013 financing transactions contain either or both net-cash settlement and down round exercise price protection provisions.

Under GAAP, the conversion feature and the down round price protection described in the two preceding paragraphs are required to be accounted for as derivatives, thus necessitating that they each be adjusted to estimated fair value at each balance sheet date and shown as liabilities in the accompanying condensed consolidated balance sheets. The fair values of these derivatives were calculated using the Monte Carlo simulation valuation method.

Assumptions used in calculating the fair value of the conversion feature at March 31, 2017 include the following:

Risk free interest rates	1.21%
Volatility	60%

Assumptions used in calculating the fair value of the warrants described in this Note 6 at March 31, 2017 include the following:

Dividend yield	0%
Expected volatility	50% - 60%
Risk free interest rates	0.76% - 1.72%
Expected remaining term (in years)	0.25 – 4.00

In addition to the assumptions above, the Company also estimates the likelihood of whether it will participate in a future round of qualifying equity financing, as defined in either the amended note or warrant agreements, as applicable, that would trigger the conversion feature or the repricing of warrants, and, if so, the estimated timing and pricing of its offering of common stock.

The fair values and the changes in fair values of derivative liabilities as of, and during the three months ended March 31, 2017 and 2016 are as follows:

	Three Months Ended March 31,	
	2017	**2016**
Balance, beginning of period	$ 131,173	$ 658,286
(Gain) loss on change in fair value for the period	93,046	(160,118)
Balance, end of period	$ 224,219	$ 498,168

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 operations should be read together with our Condensed Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report. Historical results and trends that might appear in this Quarterly Report should not be interpreted as being indicative of future operations.

Overview

We are a medical device company that develops and commercializes innovative platforms for performing minimally invasive surgical procedures in the brain and heart under direct, intra-procedural MRI guidance. We have two product platforms. Our ClearPoint system, which is in commercial use, is used to perform minimally invasive surgical procedures in the brain. We anticipate that our ClearTrace system, which is a product candidate still in development, will be used to perform minimally invasive surgical procedures in the heart. In 2015, we suspended development of the ClearTrace system so that we could focus our resources on the ClearPoint system. Both systems utilize intra-procedural MRI to guide the procedures and are designed to work in a hospital's existing MRI suite. We believe that our two product platforms, subject to appropriate regulatory clearance and approval, will deliver better patient outcomes, enhance revenue potential for both physicians and hospitals, and reduce costs to the healthcare system.

In 2010, we received regulatory clearance from the FDA to market our ClearPoint system in the U.S. for general neurological procedures. In 2011, we also obtained CE marking approval for our ClearPoint system, which enables us to sell our ClearPoint system in the European Union. Substantially all of our product revenues for the three months ended March 31, 2017 and 2016 relate to sales of our ClearPoint system products. We do not have regulatory clearance or approval to sell our ClearTrace system for commercial use. We have financed our operations and internal growth primarily through the sale of equity securities, the issuance of convertible and other secured notes, and license arrangements. We have incurred significant losses since our inception in 1998 as we have devoted substantial efforts to research and development. As of March 31, 2017, we had accumulated losses of approximately $96 million. We may continue to incur operating losses as we commercialize our ClearPoint system products, continue to develop our ClearTrace system, and expand our business.

Factors Which May Influence Future Results of Operations

The following is a description of factors which may influence our future results of operations, and which we believe are important to an understanding of our business and results of operations.

Revenues

In 2010, we received 510(k) clearance from the FDA to market our ClearPoint system in the U.S. for general neurological procedures. Future revenues from sales of our ClearPoint system products are difficult to predict and may not be sufficient to offset our continuing research and development expenses and our increasing selling, general and administrative expenses. We cannot sell our ClearTrace system for commercial use until we receive regulatory clearance or approval.

Generating recurring revenues from the sale of disposable products is an important part of our business model for our ClearPoint system. We anticipate that, over time, recurring revenues will constitute an increasing percentage of our total revenues as we leverage installations of our ClearPoint system to generate recurring sales of our ClearPoint disposable products. Our product revenues were approximately $1.9 million for the three months ended March 31, 2017 and were almost entirely related to our ClearPoint system.

Our revenue recognition policies are more fully described in Note 2 to the Condensed Consolidated Financial Statements included elsewhere in the Quarterly Report.

Cost of Product Revenues

Cost of product revenues includes the direct costs associated with the assembly and purchase of components for disposable products and ClearPoint system reusable products which we have sold, and for which we have recognized the revenue in accordance with our revenue recognition policy. Cost of product revenues also includes the allocation of manufacturing overhead costs and depreciation of loaned systems installed under our ClearPoint Placement Program, as well as provisions for obsolete, impaired, or excess inventory.

Research and Development Costs

Our research and development costs consist primarily of costs associated with the conceptualization, design, testing, and prototyping of our ClearPoint system products and our ClearTrace system components (prior to the suspension of such development). Such costs include salaries, travel, and benefits for research and development personnel, including related share-based compensation; materials and laboratory supplies in research and development activities; consultant costs; sponsored research and product development with third parties; and licensing costs related to technology not yet commercialized. We anticipate that, over time, our research and development costs may increase as we: (i) continue to develop enhancements to our ClearPoint system; (ii) resume our ClearTrace system product development efforts; and (iii) seek to expand the application of our technological platforms. From our inception through March 31, 2017, we have incurred approximately $49 million in research and development expenses.

Product development timelines, likelihood of success, and total costs can vary widely by product candidate. There are also risks inherent in the regulatory clearance and approval process. At this time, we are unable to estimate with any certainty the costs that we will incur in either the further development of our ClearTrace system for commercialization, or in our efforts to expand the application of our technological platforms.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of salaries, incentive-based compensation, travel and benefits, including related share-based compensation; marketing costs; professional fees, including fees for attorneys and outside accountants; occupancy costs; insurance; medical device excise taxes; and other general and administrative expenses, which include, but are not limited to, corporate licenses, director fees, hiring costs, taxes, postage, office supplies and meeting costs. Our selling, general and administrative expenses are expected to increase due to costs associated with the commercialization of our ClearPoint system and the increased headcount necessary to support growth in operations.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no significant changes in our critical accounting policies during the three months ended March 31, 2017 as compared to the critical accounting policies described in our 2016 Form 10-K.

Results of Operations

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

	Three Months Ended March 31,		
	2017	2016	Percentage Change
Product and other service revenues	$ 2,007,072	$ 1,394,134	44%
Cost of product revenues	752,464	696,546	8%
Research and development costs	557,699	657,192	(15)%
Selling, general and administrative expenses	2,050,529	1,974,249	4%
Other income (expense):			
Gain (loss) on change in fair value of derivative liabilities	(93,046)	160,118	(158)%
Other income, net	4,127	75,142	(95)%
Interest expense, net	(213,199)	(345,225)	(38)%
Net loss	$ (1,655,738)	$ (2,043,818)	(19)%

Product and Other Service Revenues. Product and other service revenues were $2.0 million for the three months ended March 31, 2017, and $1.4 million for the same period in 2016, an increase of $613,000, or 44%. This increase was due primarily to an increase in our disposable product sales.

ClearPoint disposable product sales for the three months ended March 31, 2017 were $1.7 million, compared with $1.1 million for the same period in 2016, representing an increase of $559,000, or 51%. This growth in disposable sales reflected a greater number of ClearPoint procedures performed during the three months ended March 31, 2017, compared to the same period in 2016. Disposable product price increases implemented during the three months ended March 31, 2017 did not extend to the entire product line and averaged less than 1% for a typical customer order.

ClearPoint reusable product sales for the three months ended March 31, 2017 were $259,000, which were relatively unchanged from such sales of $262,000 for the same period in 2016. Sales of our reusable products, which consist primarily of computer hardware and software bearing sales prices that are appreciably higher than those for disposable products, may vary, sometimes significantly, from quarter to quarter. Reusable product price increases implemented during the three months ended March 31, 2017 did not extend to the entire disposable product line and averaged approximately 2% for a typical customer order.

Cost of Product Revenues. Cost of product revenues was $752,000 for the three months ended March 31, 2017, representing gross margin on product revenues of 61%, compared to $697,000 for the same period in 2016, representing gross margin of 49%. The increase in gross margin was due primarily to favorable product mix related to reusable product sales and greater production efficiencies achieved during the three months ended March 31, 2017 due to higher sales and production volumes relative to the same period in 2016.

Research and Development Costs. Research and development costs were $558,000 for the three months ended March 31, 2017, compared to $657,000 for the same period in 2016, a decrease of $99,000, or 15%. The decrease was due primarily to decreases in: (a) compensation and related expenses of $44,000 due to headcount reductions and recruiting costs incurred in 2016 that did not recur in 2017; (b) regulatory legal and consulting expenses of $21,000 that are project-based and vary from period to period; and (c) product development costs of $17,000.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $2.1 million for the three months ended March 31, 2017 as compared with $2.0 million for the same period in 2016, an increase of $76,000, or 4%. The increase was primarily attributable to increases in: (a) compensation and recruiting costs of $63,000 primarily associated with additions to our clinical specialist group; and (b) professional fees of $45,000 primarily related to accounting and legal fees. These increases were partially offset by a $42,000 decrease in stock-based compensation costs.

Other Income (Expense). During the three months ended March 31, 2017, we recorded a loss of $93,000, and during the three months ended March 31, 2016, we recorded a gain of $160,000, in each case resulting from changes in the fair value of our derivative liabilities. For the three months ended March 31, 2017, such derivative liabilities related to: (a) the issuance of warrants in connection with 2012 and 2013 private placement transactions; and (b) an amendment, in June 2016, of the note payable to Brainlab to add contingent conversion terms and potential down round pricing protection of warrants issued in connection with that note as discussed in Note 4 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report. For the three months ended March 31, 2016, derivative liabilities were limited to the issuance of warrants in connection with the 2012 and 2013 private placement transactions.

Net other income was relatively insignificant, amounting to $4,000 and $75,000 for the three months ended March 31, 2017 and 2016, respectively.

Net interest expense for the three months ended March 31, 2017 was $213,000, compared with $345,000 for the same period in 2016, a decrease of $132,000, or 38%. This decrease was due to the reduction of principal balances of: (a) the New Brainlab Note under the terms of the 2016 Purchase Agreement and the New Brainlab Note; and (b) the 2014 Secured Notes resulting from the Note Conversion, both as described in Note 4 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

Liquidity and Capital Resources

The cumulative net loss from our inception through March 31, 2017 was approximately $96 million. Net cash used in operations was $1.3 million for the three months ended March 31, 2017. Since inception, we have financed our operations principally from the sale of equity securities, the issuance of notes payable and license arrangements. Recent financing activities consist of: (i) the 2016 PIPE, which resulted in net cash proceeds of $3.8 million and the conversion of $1.75 million in debt; (ii) the 2015 PIPE, which resulted in net cash proceeds of $4.7 million; (iii) the 2014 PIPE, which resulted in net cash proceeds of $9.4 million; and (iv) the private placement of the 2014 Secured Notes and related warrants, which resulted in net cash proceeds of $3.5 million.

In addition, as discussed in Note 4 to the Condensed Consolidated Financial Statements included elsewhere in the Quarterly Report:

- On April 4, 2016, entered into the 2016 Purchase Agreement with Brainlab, which resulted in a reduction of the principal amount outstanding under the Brainlab Note, and which is reflected in the New Brainlab Note that matures on December 31, 2018.

- Pursuant to amendments we executed on August 31, 2016 with the 2014 Convertible Note Holders, upon completion of the 2016 PIPE an aggregate $1.75 million of principal balance of such holders' 2014 Secured Notes automatically converted into units, each unit consisting of one share of the Company's common stock and one warrant to purchase 0.90 share of our common stock, based on the offering price per unit in the 2016 PIPE.

Our plans for the next twelve months reflect management's anticipation of increases in revenues from sales of the ClearPoint system and related disposable products as a result of greater utilization at existing installed sites and the installation of the ClearPoint system at new sites. Management also anticipates maintaining recurring operating expenses at historical levels, with expected decreases in general and administrative expenses being offset by increases in selling and marketing expenses associated with the anticipated growth in revenues. However, there is no assurance that we will be able to achieve our anticipated results, and even in the event such results are achieved, we expect to continue to consume cash in our operations over at least the next twelve months.

As a result of the foregoing, we believe it will be necessary to seek additional financing from the sale of equity or debt securities, which would result in dilution to our current stockholders, the establishment of a credit facility, or the entry into an agreement with a strategic partner of some other form of collaborative relationship. There is no assurance, however, that we will be able to obtain such additional financing on commercially reasonable terms, if at all, and there is no assurance that any additional financing that we do obtain will be sufficient to meet our needs. If we are not able to obtain the additional financing on a timely basis, we may be unable to achieve our anticipated results, and we may not be able to meet our other obligations as they become due. As such, there is substantial doubt as to our ability to continue as a going concern.

Cash Flows

Cash activity for the three months ended March 31, 2017 and 2016 is summarized as follows:

	Three Months Ended March 31,	
	2017	**2016**
Cash used in operating activities	$ (1,346,177)	$ (1,608,561)
Cash used in investing activities	-	(77,649)
Cash used in financing activities	-	(140,086)
Net decrease in cash and cash equivalents	$ (1,346,177)	$ (1,826,296)

Net Cash Flows from Operating Activities. We used $1.3 million and $1.6 million of cash for operating activities during the three months ended March 31, 2017 and 2016, respectively.

During the three months ended March 31, 2017, uses of cash in operating activities primarily consisted of: (i) our $1.7 million net loss; and (ii) increases in accounts receivable of $144,000, inventory of $62,000 and other assets of $6,000. These uses were partially offset by: (a) a decrease in prepaid expenses and other current assets of $39,000; (b) increases in accounts payable and accrued expenses of $5,000 and in deferred revenue of $40,000; and (c) non-cash expenses included in our loss from operations aggregating $437,000 and consisting of depreciation and amortization, share-based compensation, loss on change in fair value of derivative liabilities, and amortization of debt issuance costs and original issue discounts.

During the three months ended March 31, 2016, uses of cash in operating activities primarily consisted of: (i) our $2.0 million net loss; and (ii) increases in accounts receivable of $279,000, prepaid expenses and other current assets of $18,000, and other assets of $58,000. These uses were partially offset by: (a) a decrease in inventory of $218,000; (b) increases in accounts payable and accrued expenses of $53,000, and in deferred revenue of $36,000; and (c) non-cash expenses included in our loss from operations aggregating $645,000 and consisting of depreciation and amortization, share-based compensation, expenses paid through the issuance of common stock, and amortization of debt issuance costs and original issue discounts, partially offset by a $160,000 decrease in the fair value of our derivative liabilities.

Net Cash Flows from Investing Activities. Net cash flows used in investing activities for the three months ended March 31, 2016 were $78,000, and consisted of equipment acquisitions. There were no investing activities affecting cash during the three months ended March 31, 2017.

Net Cash Flows from Financing Activities. Net cash used in financing activities for the three months ended March 31, 2016 of $140,000 consisted of costs paid in connection with December 2015 PIPE. There were no financing activities affecting cash during the three months ended March 31, 2017.

Operating Capital and Capital Expenditure Requirements

To date, we have not achieved profitability. We could continue to incur net losses as we continue our efforts to expand the commercialization of our ClearPoint system products, develop our ClearTrace system, and pursue additional applications for our technology platforms. Our cash balances are typically held in a variety of interest bearing instruments, including interest bearing demand accounts and certificates of deposit. Cash in excess of immediate requirements is invested primarily with a view to liquidity and capital preservation.

Because of the numerous risks and uncertainties associated with the development and commercialization of medical devices, we are unable to estimate the exact amounts of capital outlays and operating expenditures necessary to successfully commercialize our ClearPoint system products, complete the development of our ClearTrace system and pursue additional applications for our technology platforms. Our future capital requirements will depend on many factors, including, but not limited to, the following:

- the timing of broader market acceptance and adoption of our ClearPoint system products;
- the scope, rate of progress and cost of our ongoing product development activities relating to our ClearPoint system;
- the cost and timing of expanding our sales, clinical support, marketing and distribution capabilities, and other corporate infrastructure;
- the cost and timing of establishing inventories at levels sufficient to support our sales;
- the effect of competing technological and market developments;
- the terms and timing of future collaborative and licensing arrangements we have entered into, or of other arrangements we may establish;
- the scope, rate of progress and cost of our research and development activities relating to our ClearTrace system;
- the cost and timing of any clinical trials;
- the cost and timing of regulatory filings, clearances and approvals; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, because all of our investments are in short-term bank deposits and institutional money market funds. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. Due to the nature of our short-term investments, we believe that we are not subject to any material market risk exposure.

Foreign Currency Risk

To date, we have recorded no product sales in currencies other than U.S. dollars. We have only limited business transactions in foreign currencies. We do not currently engage in hedging or similar transactions to reduce our foreign currency risks, which at present, are not material. We believe we have no material exposure to risk from changes in foreign currency exchange rates at this time. We will continue to monitor and evaluate our internal processes relating to foreign currency exchange, including the potential use of hedging strategies.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or the Exchange Act. Our disclosure controls and procedures are designed to ensure that material information relating to us is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2017 to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2017, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Our business, future financial condition and results of operations are subject to a number of factors, risks and uncertainties, which are disclosed in Item 1A, "Risk Factors," in Part I of our 2016 Form 10-K. Additional information regarding some of those risks and uncertainties is contained in the notes to the condensed consolidated financial statements appearing in Part I, Item 1 of this Quarterly Report, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in Part I, Item 2 of this Quarterly Report. The risks and uncertainties disclosed in our 2016 Form 10-K, our quarterly reports on Form 10-Q and other reports filed with the SEC are not necessarily all of the risks and uncertainties that may affect our business, financial condition and results of operations in the future.

There have been no material changes to the risk factors as disclosed in our 2016 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The exhibits listed in the accompanying Exhibit Index are filed, furnished or incorporated by reference as part of this Quarterly Report.

SIGNATURES

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

Date: May 9, 2017

MRI INTERVENTIONS, INC.

By: /s/ Francis P. Grillo
Francis P. Grillo
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Harold A. Hurwitz
Harold A. Hurwitz
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.1†*	License and Collaboration Agreement, dated April 25, 2017, by and between MRI Interventions, Inc. and Acoustic Medsystems, Inc.
10.2*	Amendment No. 2, dated April 1, 2017, to Consulting Agreement dated April 1, 2015 between MRI Interventions, Inc. and Kimble L. Jenkins
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
32+	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 60 of Title 18 of the United States Code
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

* Filed herewith.

\+ This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and it is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

† Confidential treatment requested under Rule 24b-2 under the Securities Exchange Act of 1934. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been filed separately with the Securities and Exchange Commission pursuant to the confidential treatment request.

Exhibit 10.1

LICENSE AND COLLABORATION AGREEMENT

THIS LICENSE AND COLLABORATION AGREEMENT (this "Agreement") is entered into and made effective this April 25, 2017 ("Effective Date"), by and between MRI Interventions, Inc. a Delaware corporation ("MRI"), and Acoustic Medsystems, Inc., an Illinois corporation ("AMS"). MRI and AMS may be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, MRI designs, develops, offers, and sells systems, devices and technology related to performing minimally invasive surgical procedures under direct, intra-procedural magnetic resonance imaging guidance (collectively, the "MRI Products");

WHEREAS, AMS designs and develops systems, devices and technology related to treatment planning and image-guided interventions using ablative therapy technologies and radiation therapy, including the TheraVision® system and components identified in Exhibit A hereto (such system, the "AMS System," and collectively all of the foregoing, the "AMS Products"); and

WHEREAS, AMS is in the business of licensing the AMS Products and its proprietary technology for resale and further product development and commercialization purposes; and

WHEREAS, the Parties desire to develop a strategic business relationship whereby each Party shall collaborate and share certain information and technology with one another in a manner intended to benefit the Parties' current businesses and to develop, evaluate, and commercialize certain New Products (as defined below) on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants, and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows:

AGREEMENT

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings ascribed to them below, whether used in the singular or plural. Other terms may be defined elsewhere in this Agreement and shall have the meanings indicated throughout this Agreement.

(a) "Affiliate" means, with respect to any Party, any other legal entity that, directly or indirectly, controls, is controlled by, or is under common control with, such Party; provided, however, that in each case any such other entity shall be considered to be an Affiliate only during the time period during which such control exists. For purposes of this definition, "control" (and derivatives thereof including "controlled by" and "under common control with"), as used with respect to any entity, means the possession, directly or indirectly, of more than fifty percent (50%) of the voting equity or ownership interest in or of such entity.

(b) "AMS IP" means any and all Intellectual Property Developed by or for AMS, or acquired by or licensed to AMS, prior to the Effective Date of this Agreement, or during the Term but independently of the Collaboration and this Agreement, and all derivative works, improvements, or enhancements to any of the foregoing. Without limiting the foregoing, the AMS IP shall include the AMS Patents and all Intellectual Property constituting or relating to the AMS System and all specifications, manufacturing and development methodologies, software, firmware and electronics, test

and user data, know-how and research, design details, and engineering information. For the avoidance of doubt, AMS IP shall not include any MRI IP or Newly Developed IP.

(c) "AMS Patent(s)" shall mean (i) the United States and foreign patent applications and patents owned by AMS as of the Effective Date set forth in Exhibit B hereto, and any continuations, continuations in part, divisions, extensions, reissues, reexaminations, applications or substitutions with respect thereto and all foreign equivalents; and (ii) any and all other patents or patent applications owned by AMS as of the Effective Date with claims covering any aspect of the AMS System.

(d) "Applicable Law" means all applicable provisions of all international, federal, state, and local statutes, laws, rules, regulations, administrative codes, ordinances, decrees, orders, decisions, injunctions, award judgments, permits, and licenses of or from governmental authorities, including without limitation those relating to or governing the use or regulation of the subject item and the listing standards or agreements of any national or international securities exchange.

(e) "Collaboration" means, collectively, the research, development, analysis, testing, and other collaboration activities conducted by the Parties pursuant to this Agreement, including any such activities as further defined in an applicable SOW.

(f) "Commercialize" means to promote, license, market, distribute, offer for sale, sell and provide product support for such products with respect to which this term is used herein, and "Commercializing" and "Commercialization" shall be interpreted accordingly.

(g) "Confidential Information" means any and all forms and types of financial, business, marketing, operations, scientific, technical, economic and engineering information, whether tangible or intangible, including without limitation, patterns, plans, compilations, program devices, formulas, designs, prototypes, samples, methods, techniques, processes, procedures, programs, codes, trade secrets, know-how, source code, databases, data, proposed product names or marks, marketing materials or programs, plans, specifications, information relating to past, present and prospective customers, users, partners, vendors and suppliers, manufacturing information, business plans, manufacturing information, price lists, costing information, employee and consulting relationship information, accounting and financial data, profit margin, marketing and sales data, strategic plans, and all other proprietary information (including all originals, copies, digests and summaries in any form) provided by or on behalf of one Party ("Discloser") to the other Party ("Recipient") hereunder, including any and all non-public information regarding, related to, arising from or associated with this Agreement or the Collaboration, and the terms and conditions of this Agreement and any applicable SOW. Notwithstanding the foregoing to the contrary, Confidential Information shall exclude any information that a Recipient can establish by documentary evidence, bearing the burden of proof: (i) was known to such Recipient before receipt thereof from or on behalf of Discloser, as demonstrated with written contemporaneous evidence; (ii) was disclosed to Recipient by a third person who had a right to make such disclosure without any obligation of confidentiality to Discloser; (iii) is available in the public domain without violation of this Agreement by Recipient or other obligation of confidentiality; or (iv) is independently developed by Recipient or Recipient's Personnel without use of or reference to Discloser's Confidential Information, as demonstrated by written contemporaneous evidence.

(h) "Develop" means, with respect to any Intellectual Property, to invent, discover, develop or conceive.

(i) "Intellectual Property" means (a) United States and foreign patents, patent applications, patent disclosures and all related continuation, continuation-in-part, divisional, reissue, reexamination, utility model, certificate of invention and design patents, patent applications, registrations and

applications for registrations; (b) United States and foreign trademarks and service marks, and trade dress, Internet domain names, logos, trade names and corporate names, and registrations and applications for registration thereof; (c) United States and foreign copyrights and registrations and applications for registration thereof; (d) mask works and registrations and applications for registration thereof; (e) computer software, data and documentation; (f) ideas, specifications, inventions, designs, know-how, methods, discoveries, developments and trade secrets, whether patentable or non-patentable and whether or not reduced to practice; (g) Confidential Information; or (h) copies and tangible embodiments of the foregoing.

(j) "Key Personnel" shall mean the following key employees and/or executives of AMS: Cliff Burdette, and any individuals identified as Key Personnel in an applicable SOW.

(k) "MRI IP" means any and all Intellectual Property Developed by or for MRI, or acquired by or licensed to MRI, prior to the Effective Date of this Agreement, or during the Term, and all derivative works, improvements, or enhancements to any of the foregoing. Without limiting the foregoing, the MRI IP shall include all Intellectual Property owned by MRI or its Affiliates independent of the Collaboration constituting or relating to MRI Products as of the Effective Date, and all related specifications, manufacturing and development methodologies, software, firmware and electronics, test and user data, know-how and research, design details, and engineering information. For the avoidance of doubt, MRI IP shall not include any AMS IP or Newly Developed IP.

(l) "Net Sales" means the gross receipts of sales revenues less deductions for (i) import, export, excise, sales, value added, and use taxes, custom duties, freight, and insurance paid; (ii) trade discounts customarily and actually allowed (other than advertising allowances, and fees or commissions of employees); and (iii) credits for returns, allowances, or trades, actually granted.

(m) "Newly Developed IP" means (i) all Intellectual Property that is Developed during the Term as a result of the activities conducted pursuant to the Collaboration by one or more AMS Personnel, on the one hand, and one or more MRI Personnel, on the other hand, without regard as to the relative percentage contribution of the Personnel of either Party and without regard as to whether such contributions are made at the same time or at different times and whether the contributions are made by the Personnel of each Party in the same or different physical location, or on a remote basis, and (ii) any Intellectual Property that is (1) Developed, during the Term as a result of the activities conducted pursuant to the Collaboration, by either Party's Personnel, without contribution from the other Party's Personnel, and (2) arises from activities conducted pursuant to the Collaboration as described in this Agreement or an applicable SOW. For the avoidance of doubt, Newly Developed IP shall not include any AMS IP or MRI IP.

(n) "New Products" means any and all new products or technology developed as part of the Collaboration or otherwise in connection with this Agreement or a SOW, including without limitation products, devices, designs, applications, and technology integrating or incorporating the AMS Systems or AMS IP with MRI Products or MRI IP.

(o) "Personnel" of a referenced Party (i.e. AMS Personnel or MRI Personnel, respectively) means any employee, independent contractor or other individual person who is a provider of services (regardless of how such individual is classified for the purposes of applicable employment and tax laws) of (i) such Party or its Affiliate(s) and/or (ii) any subcontractor of such Party providing any services in connection with or relating to the Collaboration or this Agreement.

2. COLLABORATION.

(a) Purpose. The Parties acknowledge and agree that the purpose of the Collaboration is to establish a framework between the Parties pursuant to which (i) the Parties collaborate to Develop New Products for use and Commercialization in the Field (as defined below); (ii) AMS agrees to dedicate certain development hours of its Key Personnel to the Collaboration pursuant to the terms set forth in a SOW; and (iii) AMS grants to MRI certain rights to resell the AMS Products as further set forth in Section 3 below; and (iv) the Parties agree that it shall be MRI's responsibility to submit Premarket Notifications ("510(k)s") or Premarket Approval ("PMAs") to the Food and Drug Administration (the "FDA") for any New Products.

(b) Statement of Work. On or after the Effective Date, the Parties may enter into one or more written statement(s) of work mutually agreed upon by the Parties (each, a "SOW") to describe specific consulting services, projects, and obligations of each Party with respect to the Collaboration described in such SOW. All SOWs must be approved by the Joint Steering Committee (as defined below) prior to the commencement thereof. Each SOW shall describe the respective obligations of and services to be provided by each Party and, once executed by each Party, shall be incorporated herein by reference as though fully set forth herein. If there is a conflict between the provisions of this Agreement and any SOW, the provisions of this Agreement shall control unless the SOW expressly and specifically provides otherwise by reference to this Section 2(b) with intent to modify.

(c) Change Order. Changes to any SOW shall become effective only upon the execution of a written change order ("Change Order") by the authorized representatives of each of the Parties. Each Change Order shall describe the impact of the change on the respective obligations of each Party, and once executed by each Party, shall be incorporated herein by reference as though fully set forth herein. For each Change Order, the Parties will evaluate in good faith any change that increases or decreases the scope or magnitude of performance of the Collaboration, corresponding commercially reasonable increases or decreases in compensation to a Party, appropriate and commercially reasonable revisions to the services and deliverable schedule, and the availability of the required resources and prior commitments to other customers.

(d) Research and Development Commitments. The Parties acknowledge and agree that MRI will engage AMS and certain Key Personnel to perform development services in connection with the Development of the New Products and the Collaboration ("Development Services"). Promptly following the Effective Date, the Parties shall cooperate in good faith to agree upon the scope of the Development Services to be performed by AMS and the Key Personnel, the fees, milestones, and milestone payments related thereto in a separate SOW to be mutually agreed upon and executed by the Parties (the "Development Plan") no later than ninety (90) days after the Effective Date. Notwithstanding anything herein to the contrary, MRI shall exercise general power of supervision and to direct and control over the results of the development of the New Products to assure satisfactory performance, including the right to inspect, the right to stop work, the right to make suggestions or recommendations as to the details of the work, and the right to request modifications to the scope of the Development Services as necessary for the development of the New Products. AMS shall perform the Development Services as set forth in the Development Plan and as otherwise reasonably directed by MRI and has the right to determine the method, details and means of performing the Development Services requested by MRI. To the extent that MRI directs AMS in writing to stop work under the Development Plan, the Parties agree that for a maximum applicable period of ninety (90) days from the date AMS receives written notice to AMS to cease work under the Development Plan, or from any later date specified in that notice, (the "Wind Down Period"), MRI shall reimburse AMS the amount to be mutually agreed upon by the Parties in a SOW. The types of costs to be reimbursed by MRI shall include AMS's reasonable, non-cancellable costs and expenses that cannot be reasonably allocated to other licensees or AMS internal or external development

work and would be actually incurred by AMS pursuant to the Development Plan if MRI had not directed AMS to stop performance, and amounts, including salaries and benefits, incurred by AMS for AMS Personnel that would have performed the work under the Development Plan, and such amounts shall be calculated based on the percentage of time AMS dedicated such AMS Personnel to the Development Services and the rates applied to such Development Services prior to the Wind Down Period.

(e) Field of Use.

(i) The Parties agree that the initial field in which the Parties shall pursue the Development of New Products is for products, technology and applications in the field of medical procedures, processes and therapies related to the pancreas via vessels, pancreatic ducts or percutaneous access ("Field").

(ii) The Parties acknowledge and agree that Parties may desire to amend this Agreement, or enter into a separate agreement, for the development of new products or technology to be used and Commercialized in connection with medical procedures, processes, and therapies related to the brain (the "Brain Field"). In order to allow sufficient time for discussions between the Parties concerning potential opportunities in the Brain Field, AMS shall not license or grant any rights to the AMS IP in the Brain Field to any third parties until after July 15, 2017.

3. RESALE OF AMS SYSTEM.

(a) AMS System. AMS hereby grants MRI (i) the exclusive right to Commercialize the AMS System in the Field; and (ii) subject to the right of AMS to terminate this right at any time at its sole discretion, the non-exclusive right commencing September 1, 2017 to Commercialize the AMS System as it exists and is configured as of July 1, 2017 in connection with medical procedures and processes related to liver, kidney and/or muscle therapies, products, services and applications (each a "Non-Exclusive Field"). MRI intends to exercise its rights under Section 3(a)(ii) in good faith to Commercialize the AMS System in the clinical setting for the mutual benefit of the Parties. The Parties acknowledge that initial human treatments using the AMS System must be conducted under an institutional review board protocol ("IRB Protocol"), and AMS agrees to participate and be present for the initial five (5) patients treated by any MRI customer of the AMS System. To the extent that (i) any third party seeks to obtain exclusive rights from AMS to a Non-Exclusive Field or (ii) AMS seeks to Commercialize the AMS System itself exclusively in a Non-Exclusive Field, AMS shall provide ninety (90) days prior written notice to MRI thereof to allow MRI to conclude its Commercialization efforts in such Non-Exclusive Field, and to the extent applicable, enter in good faith negotiations with MRI for any continued use in such Non-Exclusive Field.

(b) Purchase Orders. The AMS Systems marketed, licensed, and sold by MRI pursuant to Section 3 may also be branded and sold under the MRI trademarks; provided, that MRI shall include, and shall not remove, any AMS trademarks from the AMS System, the AMS System packaging and/or materials. MRI shall purchase from AMS and AMS agrees to sell to MRI the AMS System in the amounts, prices, and quantities and pursuant to terms specified in written purchase orders mutually agreed upon by the Parties (each a "Purchase Order"). Notwithstanding the foregoing, the prices offered to MRI or set forth on such Purchase Order(s) shall be comparable to or more favorable to MRI than the prices offered by AMS to any of its other resellers or customers during the Term of this Agreement, including any renewal hereof. If at any time during the Term of this Agreement or any renewal hereof, AMS contracts or has contracted, with any other reseller or customer for the purchase or license of the AMS System pursuant to a grant substantially the same as the grant in this Section 3 on a basis that provides prices to the reseller or customer for AMS more favorable than those provided MRI hereunder, then (i)

AMS shall, within thirty (30) calendar days after the effective date of such other contract, notify MRI in writing of such fact, explaining the more favorable basis in reasonable detail subject to any restrictions on confidentiality; and (ii) this Agreement shall be amended to provide the more favorable prices, benefits, or terms to MRI; provided, however, that MRI shall have the right and option at any time to decline to accept such change.

4. GOVERNANCE.

(a) Joint Steering Committee. The Parties will form a joint steering committee, which will be responsible for the oversight of the development and implementation of the Collaboration in accordance with the terms of this Agreement ("Joint Steering Committee" or "JSC"). The Joint Steering Committee shall, among other things, (i) assist in the management of the development, implementation, optimization and coordination of the New Products; (ii) review, and provide comment on SOWs; (iii) provide single-point communication for seeking consensus within both Parties' organizations regarding the development, testing and Commercialization of the New Products and any other significant activities relating to the Collaboration and this Agreement; and (iv) address business disputes between the Parties as provided in Section 12(r), and (v) monitor the progress of and facilitate changes to the Collaboration as industry requirements and the Parties' interests evolve over time. The Parties acknowledge and agree that the Joint Steering Committee shall not have the power to amend any of the terms or conditions of this Agreement or to bind either Party with respect to any obligations not expressly provided in this Agreement or in any SOW. This Agreement shall not be amended expect pursuant to Section 12(f)(Amendment). The JSC shall be composed of four (4) members — two (2) AMS executives or Personnel appointed by AMS, and two (2) MRI executives or Personnel appointed by MRI (Collectively, the "JSC Members"); provided, however, that in the event a member appointed by a party shall not be in attendance at any meeting, the other member appointed by that same party shall have full authority to vote for both such members. The initial JSC Members are as set forth on Exhibit C to this Agreement. The removal of any JSC Member may be effected only by the Party entitled to appoint such JSC Member. Any vacancy on the Joint Steering Committee may be filled only by the Party entitled to appoint such JSC Member.

(b) Meetings. The Joint Steering Committee shall hold meetings regularly during the performance of work or Development Services under the Development Plan or any other SOW at times, dates, and locations to be mutually agreed upon by the JSC Members. Notwithstanding the foregoing, during the pendency of the Development Plan, the Parties shall hold meetings no less than monthly unless otherwise mutually agreed upon by the Parties. In addition, meetings of the Joint Steering Committee may be called by any two of the JSC members, at any time upon written notice delivered to the other JSC members at least fourteen (14) days prior to the proposed meeting date. Joint Steering Committee meetings may be held, and individual JSC Members may attend, in person, by audio or video teleconference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Each Party shall be responsible for all of its own expenses in participating in any Joint Steering Committee meetings.

5. INTELLECTUAL PROPERTY.

(a) New Products. Subject to Sections 8(b)(vi) and 8(b)(vii), MRI shall have the perpetual, worldwide, and exclusive right within the Field to use, manufacture, Commercialize, import, export and otherwise distribute any New Products incorporating the AMS IP or that were developed, in whole or in part, by AMS pursuant to a SOW. For the avoidance of doubt, any New Products not incorporating the AMS IP and that were not developed, in whole or in part, by AMS, do not require any license or consent from AMS and may be Commercialized by MRI in any field whatsoever.

(b) AMS IP. Subject to the terms of this Section 5 and Sections 8(b)(vi) and 8(b)(vii), AMS hereby grants to MRI and its Affiliates(s), a fully-paid up, worldwide, sublicensable, transferable right and license to, within the Field, access, modify, create derivative works of, enhance, improve, and otherwise use and exploit (i) the AMS IP during the Term, in connection with the Development of New Products and other Collaboration activities under this Agreement or any SOW; and (ii) any AMS IP incorporated into or necessary for (1) the use or Commercialization within the Field by MRI of the AMS System as permitted pursuant to this Agreement, and/or (2) the use, manufacture, or Commercialization by MRI of any New Products within the Field. Notwithstanding the foregoing, but subject to Section 8(b)(vi) and 8(b)(vii), the license in the AMS IP granted by AMS to MRI under this Section 5(b)(ii) shall be perpetual and survive any expiration or termination of this Agreement; provided, that in the event of any termination other than pursuant to Section 8(b)(vi) or 8(b)(vii), MRI agrees to use the AMS IP solely as used or incorporated in the New Products or Newly Developed IP after any such expiration or termination. MRI agrees not to use the AMS IP to manufacture the AMS System as it exists as of August 1 st, 2017 and for the purposes of exercising the rights set forth in Section 3 it shall purchase AMS Systems from AMS; provided, however, MRI shall have the right to manufacture any New Products.

(c) AMS Patents. Subject to the terms of this Section 5, with respect to any and all AMS Patents included in the AMS IP, unless terminated earlier pursuant to Section 8(b)(vi) or 8(b)(vii), the licensed rights set forth above in Section 5(b), solely with respect to any subject matter or claims expressly covered by the AMS Patents, shall terminate on the earlier of (i) the expiration of the Term; or (ii) the last of any AMS Patents (or valid claims thereunder) expires or is held revoked, invalid or unenforceable by decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed with the time allowed for appeal having been expired (the "AMS Patent Term").

(d) Exclusivity. The Parties agree that the licenses set forth above in Section 5(b) and Section 5(c) shall be exclusive to MRI as between (i) MRI and any third party, and (ii) MRI and AMS, in the Field. For avoidance of doubt, except as necessary to perform its activities under the Collaboration, AMS shall have no right to use, license, sell, offer for sale, Commercialize or exploit the AMS IP within the Field or grant any third party the foregoing rights in the Field without the prior written consent of MRI. The Parties agree that all use by MRI of the AMS IP pursuant to the licenses set forth above outside of the Field shall be non-exclusive.

(e) Newly Developed IP. Except to the extent expressly otherwise provided in an applicable SOW (and subject to AMS's rights in the AMS IP licensed to MRI hereunder), MRI shall exclusively own all right, title, and interest in and to all (i) New Products, including all Newly Developed IP therein; and (ii) Newly Developed IP. Without limiting the foregoing, MRI shall at all times have (i) an undivided right to possess all Newly Developed IP, including the right to offer, use, exploit or license (and sublicense) the Newly Developed IP, without any duty or obligation to obtain AMS's consent to any licensing, sublicensing or other exploitation thereof; and (ii) the right (but not an obligation) to assert the intellectual property and/or proprietary rights and collect for all past, present, and future acts of infringement that have occurred or may occur. AMS will, and hereby does irrevocably and without further consideration, assign, transfer, and set over, and shall cause its Personnel to assign, transfer, and set over to MRI and its permitted successors and assigns, without requirement of additional consideration, all rights, title, and interests in and to the New Products and Newly Developed IP. At any time and from time to time after the Effective Date, without further consideration, AMS will execute and deliver such other instruments of sale, transfer, conveyance, assignment, and delivery and confirmation and take such action as the MRI may reasonably deem necessary or desirable, in order to more effectively carry out the purposes of this Agreement and to transfer, convey and assign to MRI and to confirm MRI's ownership of and title to, all New Products and Newly Developed IP and to assist MRI in exercising all rights and enjoying all benefits with respect thereto.

(f) Licenses to AMS.

(i) Subject to the terms of this Agreement, including Section 12(h) of this Agreement, MRI grants to AMS, during the Term, a limited, non-exclusive, non-sublicensable, non-transferable (except as set forth herein) right and license to access and use the MRI IP made available by MRI to AMS during the Term solely for the purposes of non-commercial internal research and Development purposes conducted by such AMS Personnel in connection with the Development of New Products and other Collaboration activities under this Agreement or any SOW.

(ii) Subject to the terms of this Agreement, including Section 12(h) of this Agreement, MRI hereby grants to AMS a perpetual, worldwide, non-exclusive, transferable, fully paid, sublicenseable right and license to access modify, create derivative works of, enhance, improve, and otherwise use and exploit Newly Developed IP Developed, in whole or in part, by AMS; provided, however, any sublicense granted by AMS under this Section 5(f)(ii) shall be on terms no less protective of the Newly Developed IP as those set forth herein; and further provided, that, for the avoidance of doubt, the license granted by MRI to AMS under this Section 5(f)(ii) shall not include Newly Developed IP Developed by MRI without contribution from AMS or without the use of AMS IP. In the event MRI terminates this Agreement due to AMS's material breach of this Agreement, the foregoing license in this Section 5(f)(ii) shall not terminate and shall survive the termination of this Agreement.

(iii) Except for the rights granted in this Section 5(f), no other right in the MRI IP or Newly Developed IP is conveyed, transferred, assigned or licensed to AMS or any other person or entity, including by way of any implied license and MRI retains all right, title and interest therein.

(g) Records; Disclosure of Newly Developed IP.

(i) Each Party shall maintain contemporaneous, complete, and accurate written records of the activities of its Personnel concerning Newly Developed IP that provide proof of the conception date and reduction to practice date of any Newly Developed IP.

(ii) Each Party shall disclose to the other Party all Newly Developed IP that is Developed during the Term, including copies of all invention disclosures and other similar documents created in the normal course of its business that disclose any conception or reduction to practice of any Intellectual Property constituting Newly Developed IP. Such disclosures shall be made on at least a quarterly basis during the Term by each Party to the JSC.

(h) Intellectual Property Prosecution and Enforcement.

(i) Each Party is responsible for all costs associated with the Intellectual Property it solely owns. With respect to Intellectual Property solely owned by a Party, such Party shall have sole discretion to decide whether to file for protection, the countries in which it will file for protection, the content of such filings, the conduct of the prosecution of such filings, and whether to maintain such protection. With respect to Newly Developed IP, MRI will have the sole right and to prepare, file, prosecute and maintain any applications or registrations for Intellectual Property associated therewith, provided, that AMS shall provide MRI with all reasonable assistance and cooperation, including the preparation and filing of any assignments, terminal disclaimers and other documents, required to procure, preserve and the protections for all Newly Developed IP under the U.S. Patent Act and the patent laws of any other country or jurisdiction,

as applicable. The Parties shall promptly notify the other in writing of any alleged or threatened infringement of any Intellectual Property of the other Party of which they become aware; provided, that AMS acknowledges and agrees that MRI shall have the sole right to bring any enforcement action against any third-party infringer of the New Products and any Newly Developed IP. AMS shall cooperate, at MRI's expense, with MRI in such enforcement action(s), including without limitation, by executing such documents and providing such assistance as reasonably deemed necessary by MRI in connection with any action(s) taken by MRI against such infringement.

(ii) At its request at reasonable times, MRI shall have the right to review any patent application, appeal, response or other correspondence with the U.S. Patent and Trademark Office (or any other governmental or regulatory patent issuing authority located outside of the United States) related to the AMS Patents within the Field and request amendments, modifications or new claims with respect thereto as MRI reasonably deems appropriate at MRI's sole cost and expense, subject to AMS's agreement which shall not be unreasonably withheld. If AMS fails to timely fulfill any prosecution or maintenance obligations with respect to the AMS Patents within the Field, including without limitation, payment of any fees or other obligations under this Section 5(h)(ii), MRI is hereby authorized, and granted a limited power of attorney, to fulfill such obligations on behalf of AMS at MRI's expense.

(iii) With respect to Newly Developed IP, if MRI decides not (i) to file for intellectual property protection in any country, (ii) to cease prosecution of any application or registration, (iii) or to maintain a patent or registration, MRI shall give prompt written notice to AMS at least 30 days prior to the expiration of any rights. In such event, AMS may, at its sole discretion and cost, elect to file for patent protection in the respective country and/or continue to prosecute or maintain.

(i) Trade Secrets. Pursuant to the Defend Trade Secrets Act of 2016, the Parties acknowledge and understand, and shall cause any Personnel to acknowledge and understand, that:

(i) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

(j) Right to Sublicense. Notwithstanding any provision of this Agreement to the contrary, MRI shall have the right to sublicense the AMS IP in the Field on the same terms and limitations set out in this Agreement to (i) any Affiliate of MRI; or (ii) any third party with whom MRI enters into an agreement to develop, market, manufacture, produce, fabricate, design, assemble, resell and/or distribute New Products; provided, however, that any sublicense granted by MRI under this Section 5(j) shall be on terms no less protective of the AMS IP than those set forth herein.

6. COMPENSATIONS AND ROYALTIES. Subject to the terms and conditions of this Agreement, in consideration of the rights and licenses granted herein, MRI shall pay to AMS the following payments, royalties, and shares of MRI stock:

(a) Payments.

(i) On the Effective Date of this Agreement, MRI shall pay to AMS $[***], and issue to AMS [***] shares of unregistered MRI common stock.

(ii) On August 1st, 2017, or earlier, if financially feasible in MRI's sole discretion, MRI shall pay to AMS $[***], and issue to AMS [***] shares of unregistered MRI common stock in consideration for the rights granted to MRI in the Field.

(iii) For the initial 510(k) or initial PMA submitted to the FDA for the first New Product in the Field, (the "Initial FDA Application"), MRI shall pay to AMS $[***] and issue to AMS [***] shares of unregistered MRI common stock.

(iv) To the extent MRI receives 510(k) or PMA clearance from the FDA for an Initial FDA Application, MRI shall pay to AMS $[***] and issue to AMS [***] shares of unregistered MRI common stock.

(v) On the one (1) year anniversary of any 510(k) or PMA clearance received from the FDA for the Initial FDA Application, MRI shall pay to AMS $[***] and issue to AMS [***] shares of unregistered MRI common stock.

(vi) The number of shares of unregistered MRI common stock to be issued pursuant to this Section 6(a) shall be automatically, and without any further act of the Parties, adjusted to give effect to any MRI stock split, business combination or other similar corporate transaction.

(vii) For a period of one year from the date of issuance with respect to each grant (and only that grant) contemplated in this Section 6(a), if MRI proposes to register any shares of its common stock under the Securities Act in connection with the secondary offering of such securities by stockholders of MRI, MRI will, at such time, promptly give AMS notice of such registration. Upon the request of AMS given within ten (10) days after such notice is given by MRI, MR will, subject to the provisions below, cause to be registered all of the Registrable Securities (as defined below) that AMS has requested to be included in such registration. MRI will have the right to terminate or withdraw any registration initiated by it under this Section 6(a)(vii) before the effective date of such registration, whether or not AMS has elected to include Registrable Securities in such registration. The expenses (other than AMS selling expenses) of such withdrawn registration will be borne by MRI. If the total number of securities, including Registrable Securities, requested by AMS to be included in such offering exceeds the number of securities to be sold that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then MRI will be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and MRI in their sole discretion determine will not jeopardize the success of the offering. For purposes of this Agreement, "Registrable Securities" means the shares of unregistered MRI common stock issued to AMS within the past twelve months.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(viii) Upon the occurrence of any 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 Section 6(a) of this Agreement referring to the "MRI" and the obligations to issues shares of MRI common stock shall refer instead to the Successor Entity), and may exercise every right and power of MRI and shall assume all of the obligations of MRI under this Agreement with the same effect as if such Successor Entity had been named as MRI herein. Upon consummation of the Fundamental Transaction, the Successor Entity shall deliver to AMS confirmation at any time after the consummation of the Fundamental Transaction, in lieu of the shares of MRI common stock issuable under this Agreement prior to such Fundamental Transaction, the same amount and kind of securities, cash or property as AMS would have been entitled to receive upon the occurrence of such Fundamental Transaction had the shares been issued prior to such Fundamental Transaction, as adjusted in accordance with the provisions of this Agreement. For purposes hereof, (i) "Fundamental Transaction" means that (A) MRI shall, directly or indirectly, in one or more related transactions, (1) consolidate or merge with or into (whether or not MRI is the surviving corporation) another person (but excluding a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of MRI), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of MRI to another person, or (3) allow another person to make a purchase, tender or exchange offer that is accepted by the holders of more than the 50% of the outstanding shares of MRI common stock (not including any shares of MRI common stock held by the person or persons making or party to, or associated or affiliated with the persons making or party to, such purchase, tender or exchange offer), or (4) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of MRI common stock (not including any shares of MRI 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 purchase agreement or other business combination), or (5) reorganize, recapitalize or reclassify its common stock, or (B) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding MRI common stock, and (ii) "Successor Entity" means the person formed by, resulting from or surviving any Fundamental Transaction or the person with which such Fundamental Transaction shall have been entered into.

(b) Development Plan Fees. The Parties agree to work in good faith to develop a budget for the Development Plan. MRI shall use reasonable efforts to provide commercially reasonable prior notice to AMS of the scope of the Development Services requested by MRI and the fees payable for such Development Services so that AMS shall have sufficient time to staff and allocate resources to the Development Services requested by MRI. In consideration of the performance by AMS under the Development Plan, MRI agrees to pay AMS the fees agreed to by Parties in the Development Plan; provided, that such fees shall be no less than: (i) an initial payment of $[***] on the date the Development Services commence under the Development Plan; (ii) an additional $[***], thirty (30) days thereafter; and (iii) three (3) additional payments of $[***], each thirty (30) days thereafter (for a total of 5 months of payments by MRI to AMS in the amounts set forth in this Section 6(b)).

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(c) Royalties.

(i) In consideration of the rights granted under this Agreement with respect to the AMS IP, beginning on August 1, 2018, MRI shall pay to AMS a royalty equal to [***] Percent ([***]%) of Net Sales of New Products incorporating AMS IP in the Field (collectively, the "Royalty").

(ii) In addition, MRI agrees that for each twelve (12) month period following August 1, 2018, the minimum royalty paid by MRI during such twelve (12) month period shall be either 1) $[***] if MRI is not Commercializing New Products incorporating AMS IP in the Field; or 2) equal to or greater than $[***] if MRI is Commercializing New Products incorporating AMS IP in the Field.

(iii) For the avoidance of doubt, the Parties agree that MRI may sell products as kits containing other products, components, and technology that do not contain or incorporate the New Products, and that the Royalty set forth in this Section 6(c) shall be calculated based only on the portion of the revenues received for the New Products incorporating AMS IP.

7. CONFIDENTIALITY. Each Recipient shall: (i) maintain Discloser's Confidential Information in confidence during the Term and for a period of five (5) years thereafter, provided that any Confidential Information that comprises a trade secret shall be maintained in confidence in perpetuity until such trade secret ceases to constitute a trade secret within the meaning of any Applicable Law related to such trade secret, so long the reason such trade secret no longer so constitutes is not due the breach of confidentiality by Recipient or its Personnel (or any person or entity to which such Party may have provided access to such trade secret), or due to any violation of law (e.g. hacking of computer systems); (ii) limit dissemination to those of its Personnel who reasonably require use or access to such Confidential Information in order to perform under this Agreement; (iii) not disclose such Confidential Information to any other person or entity (other than Affiliates); and (iv) use such Confidential Information only to the extent necessary to perform this Agreement. The Joint Steering Committee may establish additional procedures and requirements with respect to the treatment of Confidential Information, including the establishment of different clearance levels for Personnel having access to Confidential Information, classification and marking of Confidential Information based on level of sensitivity (e.g. Confidential, Highly Confidential, etc.), and the storage and transfer of Confidential Information by and between the Parties and their Personnel. If Recipient is compelled to disclose any Confidential Information of Discloser by order of a court of competent jurisdiction, any such disclosure will not be a breach of this Agreement; provided, that Recipient first gives Discloser prompt written notice of such required disclosure in order to permit Discloser to seek all applicable governmental or judicial protection available. Notwithstanding the foregoing to the contrary, each Party shall also have the right to share copies of this Agreement (as it may be redacted to protect any commercially sensitive information) as part of any due diligence data room established by such Party.

8. TERM AND TERMINATION.

(a) Term. This Agreement shall commence on the Effective Date and shall continue unless terminated pursuant to Section 8(b) (the "Term").

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(b) Termination.

(i) This Agreement may be terminated upon written notice by either Party if the other Party is in material breach of its obligations hereunder or under any SOW and has not cured such breach or shown such breach to be non-existent within thirty (30) days after notice requesting cure of the breach.

(ii) This Agreement may be terminated upon written notice immediately by either Party upon the filing or institution of bankruptcy, reorganization, liquidation, or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other Party; provided, that in the case of any involuntary bankruptcy proceedings, such right to terminate shall only become effective if the Party consents to the involuntary bankruptcy or such proceeding is not dismissed within ninety (90) days after the filing thereof.

(iii) MRI may terminate this Agreement upon thirty (30) days prior written notice to AMS in the event of the resignation or termination of Key Personnel.

(iv) MRI may terminate this Agreement upon thirty (30) days prior written notice to AMS in the event AMS or any Key Personnel commits any crime, act of dishonesty, fraud or other act that may substantially affect the business reputation of AMS or MRI, or in the event of any other event which has a material negative or detrimental impact on the commercial or business reputation of AMS.

(v) Without limiting the foregoing, MRI may terminate this Agreement without cause and without penalty by providing thirty (30) days' prior written notice to AMS if MRI reasonably determines that (i) no New Products are likely to be Developed or offered for sale, or (ii) market conditions are not favorable to the launch and sales of New Products.

(vi) To the extent a 510(k) or PMA is not submitted to the FDA for a New Product in the Field by [***], AMS shall have the right to terminate this Agreement by providing thirty (30) days' prior written notice to MRI, in which event, and notwithstanding any other provision of this Agreement to the contrary, all of MRI's rights and licenses under this Agreement will terminate as of the effective date of such termination.

(vii) In the event that MRI fails to pay any fees or other amounts payable pursuant to this Agreement, any SOW entered pursuant to this Agreement or the Development Plan, other than amounts that are disputed in good faith and in accordance with the provisions of Section 12(r), within fifteen (15) days after the date specified, and if no date is specified then within fifteen (15) days of MRI's receipt of an invoice from AMS for such payment, and MRI does not make such overdue payment within thirty (30) days after AMS provides written notice to MRI of the amount overdue, AMS shall have the right to terminate this Agreement, in which event, and notwithstanding any other provision of this Agreement to the contrary, all of MRI's rights and licenses under this Agreement will terminate as of the effective date of such termination. For the avoidance of doubt, AMS shall have the right to proceed under this Section 8(b)(vii) if any disputed amount that is addressed pursuant to Section 12(r) is not resolved within the thirty (30) day period referenced therein.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(c) Effect of Termination; Survival. Within thirty (30) days after termination or expiration of this Agreement, each Party shall return or destroy all Confidential Information (except to the extent incorporated into or comprising any Newly Developed IP) of the other Party then in its possession, and each Party shall certify in writing that all such Confidential Information has been returned or destroyed. To the extent that any such Confidential Information cannot be returned or destroyed using commercially reasonable efforts, or if any such Confidential Information is required to be retained following the expiration or termination of this Agreement (such as pursuant to any "litigation hold" letter), any such Confidential Information shall maintained in confidence in accordance with Section 7 until it has ceased to constitute Confidential Information. Notwithstanding the foregoing or anything contained herein, neither Party shall be required to destroy or alter any computer or network archival and backup tapes, or archival and backup files (collectively, "Archives"), provided that such Archives shall be kept confidential in accordance with the terms of this Agreement. Upon expiration or termination of this Agreement for any reason, including any termination for breach by the other Party, but subject to Sections 8(b)(vi) and 8(b)(vii), all provisions of this Agreement that, by their nature should survive such termination or expiration to retain their meaning and significance, shall survive. Without limiting the foregoing, the following Sections of this Agreement shall survive and remain binding on the Parties following any expiration or termination of this Agreement: Section 1 (Definitions); Section 5(b) (AMS IP) unless terminated by AMS pursuant to Sections 8(b)(i), 8(b)(vi) or 8(b)(vii); Section 5(f)(ii) (Licenses to AMS); Section 7 (Confidentiality); this Section 8(c) (Effect of Termination; Survival); Section 9 (Representations and Warranties); Section 10 (Indemnification); Section 11 (Limitation of Liability); and Section 12 (Miscellaneous).

9. REPRESENTATIONS AND WARRANTIES.

(a) Mutual Representations and Warranties. Each Party represents and warrants to the other Party that:

(i) it has the full right, power, and authority to enter into this Agreement and to perform its obligations hereunder;

(ii) this Agreement has been duly executed by it and is legally binding upon it, is enforceable in accordance with its terms, and does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a Party or by which it may be bound, nor violate any material law or regulation of any court, governmental body, or administrative or other agency having jurisdiction over it;

(iii) it shall perform its obligations and services described in this Agreement and in any SOW in a timely and professional manner, and the methods, details, and means of performance shall be determined by the performing Party, in its sole discretion, subject to the terms of the applicable SOW; and

(iv) it shall comply with all Applicable Laws related to this Agreement.

(b) AMS's Representations and Warranties. AMS represents and warrants that to its knowledge and as of the date hereof:

(i) it has valid legal and/or beneficial title under the AMS IP and AMS System for the purposes contemplated under this Agreement and to grant the licenses or assignment of rights (as the case may be) contained in this Agreement;

(ii) has not received any material written communications alleging that the AMS IP, the AMS System, or the conduct of the Parties as currently proposed under this Agreement would violate any of the Intellectual Property rights of a third party;

(iii) AMS has not intentionally withheld any prior art or unreasonably withheld noncumulative information material to the patentability of the AMS Patents from the U.S. Patent and Trademark Office;

(iv) during the Term of this Agreement, it will not to diminish, alter or impair its rights under the AMS IP or the AMS System; and

(v) as of the date of this Agreement and at each date whereby MRI issues unregistered common stock, AMS: (a) is an accredited investor as such term is defined in Rule 501 of the Securities Act of 1933; (b) has such knowledge and experience in business and financial matters, or competent professional advice concerning MRI, that AMS is capable of evaluating the merits and risks of the prospective investment in the shares of MRI common stock; (c) is acquiring the shares of MRI common stock solely for investment for its own account and not with a view to, or for resale in connection with, the distribution or other disposition thereof, and Subscriber has no present agreement, understanding, intent or arrangement to subdivide, sell, assign or transfer any part or all of the share of MRI common stock, or any interest therein, to any other person; (d) understands that an investment in the shares of MRI common stock involves very significant risks, is highly speculative, that MRI will require significant additional financing in order to continue its business, and such additional financing may not be available to MRI, and MRI has not been profitable and may never achieve or sustain profitability; (e) acknowledges and agrees that MRI has informed AMS that MRI is in possession of material nonpublic information (the "Information") regarding MRI and/or its affiliates and MRI and/or affiliates' respective businesses, operations, conditions, assets or affairs that may be material and not known to AMS, that AMS has not requested or received such Information and agrees that none of MRI nor any of their affiliates, officers, directors, employees and agents shall have any liability to AMS with respect to any such nondisclosure or use of the Information whether before or after the date hereof in connection with the transactions contemplated hereby, or any related transaction, between MRI and AMS; and (f) waives any right that AMS may have to the disclosure of any such Information in connection with the transactions contemplated hereby and releases any and all claims and causes of action, including claims and causes of action under Rule 10b-5, against MRI, its affiliates and agents now or hereafter arising based upon or relating to such possession, nondisclosure or use of Information.

(vi) Disclaimer. Except as expressly set forth in thisSection 9 of this Agreement, neither Party makes any warranties, express or implied, either in fact or by operation of law, by statute, or otherwise, with respect to the New Products or the licenses or rights granted under this Agreement. Each Party further acknowledges that the MRI IP or AMS IP as provided by the other Party (including any data included therein), respectively, is provided or made available "as is" and without any warranty as to completeness or accuracy, and that any samples, parts, prototypes, work in process, or other products or materials provided by the other Party with respect to the Collaboration have not been tested and that each Party assumes all risk with respect to the use thereof by such Party's Personnel, including any injury to person or damage to property that may result therefrom.

10. INDEMNIFICATION.

(a) Indemnification by MRI. MRI agrees to indemnify, defend, and hold harmless AMS, its Affiliates, and their respective officers, directors, Personnel, and agents (collectively, the "AMS Indemnitees") from and against any and all third-party claims, suits, actions, demands, damages, and liabilities, including reasonable legal costs and fees to which any AMS Indemnitee may become subject to as a result of any claim, demand, action, or other proceeding by any third party (each, a "Claim") to the extent such Claim arises out of: (i) any allegation that the MRI IP infringes, misappropriates, or otherwise violates the Intellectual Property, proprietary, or other rights of any third party; or (ii) MRI's gross negligence, fraud, or willful misconduct, or violation of applicable law.

(b) Indemnification by AMS. AMS agrees to indemnify, defend, and hold harmless MRI, its Affiliates, and their respective officers, directors, Personnel, and agents (collectively, the "MRI Indemnitees") from and against any and all third-party claims, suits, actions, demands, damages, and liabilities, including reasonable legal costs and fees to which any MRI Indemnitee may become subject to as a result of any Claim to the extent such Claim arises out of: (i) any allegation that the AMS IP infringes, misappropriates, or otherwise violates the Intellectual Property, proprietary, or other rights of any third party; or (ii) AMS's gross negligence, fraud, or willful misconduct, or violation of applicable law.

(c) Indemnification Process. The Party seeking indemnification (the "Indemnified Party") shall provide prompt written notice of any Claim to the indemnifying Party (the "Indemnifying Party"); provided, however, that failure to give prompt notice shall not affect the Indemnifying Party's obligations under this Section 10 unless and to the extent that the failure materially prejudices the defense of the matter. The Indemnified Party shall cooperate with the Indemnifying Party in all reasonable respects, and at the Indemnifying Party's expense, in connection with the investigation and defense of any such Claim. The Indemnifying Party shall have sole control of the defense of any action on any such Claim and all negotiations for its settlement or compromise; provided, that the Indemnified Party, at its sole cost and expense, shall have the right to engage its own legal counsel, and if such settlement or compromise would (i) impose any costs, obligations, or limitations on the Indemnified Party, or (ii) admit fault by the Indemnified Party, then the Indemnifying Party shall not settle or compromise the Claim without the Indemnified Party's prior written consent.

1 1 . LIMITATION OF LIABILITY. Except to the extent arising out of (i) a Party's indemnification obligations under Section 10, (ii) a Party's breach of its confidentiality obligations under Section 7, or (iii) its gross negligence, fraud, or willful misconduct, neither Party nor its Affiliates will be liable under any contract, negligence, strict liability, product liability or other legal or equitable theory for any indirect, incidental, consequential, multiple, special or punitive damages or loss of profits or revenues, whether arising out of breach of contract, tort (including negligence) or otherwise (including the entry into, performance, or breach of this Agreement), regardless of whether such loss or damage was foreseeable or the Party against whom such liability is claimed has been advised of the possibility of such loss or damage, and notwithstanding the failure of any agreed or other remedy of its essential purpose.

12. MISCELLANEOUS PROVISIONS.

(a) Assignment. Neither Party may assign or otherwise transfer this Agreement, directly or indirectly, including by operation of law, or otherwise, or any of its rights or obligations, without the prior written consent of the other Party; provided, that MRI may assign or transfer this Agreement (i) to an Affiliate, or (ii) pursuant to a change of control, by operation of law, or in connection with the sale of all or substantially all of its business or assets, however structured. Any assignment or transfer in violation of this Agreement will be null and void.

(b) Entire Agreement. This Agreement and any exhibits, SOWs, or Change Orders hereto constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior discussions, understandings, negotiations, representations, or commitments, whether written or oral.

(c) Governing Law; WAIVER OF JURY TRIAL. This Agreement is governed in accordance with the laws of the State of Delaware, without giving effect to any choice of law rules that may direct the application of the laws of any other jurisdiction. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY FOR ANY COURT PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY FOR WHICH A PARTY MAY BRING SUCH A COURT PROCEEDING.

(d) Equitable Relief. In any claim for equitable relief, each Party acknowledges that a breach by the other Party of this Agreement, including Section 5 or 7, may cause the non-breaching party irreparable harm, for which an award of damages would not be adequate compensation and, in the event of such a breach or threatened breach, the non-breaching Party shall be entitled to seek equitable relief, including in the form of a restraining order, orders for preliminary or permanent injunction, specific performance, and any other relief that may be available from any court, and the Parties hereby waive any requirement for the showing of actual monetary damages in connection with such relief. These remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available under this Agreement at law or in equity, subject to any express exclusions or limitations in this Agreement to the contrary.

(e) Waiver; Discharge. The failure of any Party to enforce at any time any of the provisions of this Agreement shall not, absent an express written waiver signed by the authorized representative of the Party making such waiver specifying the provision being waived, be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part thereof or the right of the Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

(f) Amendment. This Agreement, and any SOW, may not be amended, by course of conduct or otherwise, except pursuant to a written amendment that expressly refers to this Agreement and this Section 12(f) and signed by the authorized representatives of each of the Parties.

(g) No Recruitment. During the Term and for one (1) year after the termination of this Agreement, each Party agrees not to recruit any employees of the other Party who are directly involved in the Collaboration. This Section 12(g) does not preclude the recruitment of employees through general advertisements nor the recruiting efforts conducted by persons not covered by this Section 12(g) and are not acting at the direction of persons so involved, and either Party may discuss employment with, and hire, persons who respond or who initiate contact on their own. This Section 12(g) also does not prohibit a Party from hiring a terminated employee of the other Party. For purposes of this paragraph, an announcement that a Party makes on its own site, LinkedIn (or comparable online network), or a job posting or career website (including, without limitation, Craigslist, Monster.com, HotJobs, etc.) will not constitute a recruitment unless it is directed specifically at employees of the other Party.

(h) Non-Competition. Notwithstanding any provision of this Agreement to the contrary, during the Term, AMS will not, directly or indirectly, itself or through an Affiliate, (i) sell, license, sublicense or offer its AMS System or products incorporating AMS IP to any third party in the Field, (ii) enter into any arrangement to develop, deliver, provide or Commercialize products or services that compete with MRI Products within the Field or New Products within the Field to any third party; or (iii)

enter into any agreement or arrangement with a third party for the Development of products or services in the Field, without the prior written approval of MRI, which approval may be given or withheld in its sole discretion.

(i) Notices. All notices or other communications to a Party required or permitted hereunder shall be in writing and shall be delivered personally or shall be sent by a reputable express delivery service or by certified mail, postage prepaid with return receipt requested, addressed as follows:

To MRI:
Chief Executive Officer
MRI Interventions, Inc.
5 Musick
Irvine, CA 92618

To AMS:
Acoustic MedSystems, Inc.
208 Burwash Avenue
Savoy, IL 61874

(j) Expenses. Except as expressly provided herein, each Party shall pay its own expenses incident to this Agreement and the preparation for, and consummation of, the transactions provided for in this Agreement.

(k) Titles and Headings; Construction. The titles and headings to Sections of this Agreement are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction hereof against the Party causing this Agreement to be drafted.

(l) Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable, such provision shall be enforced to the maximum extent permissible, and the remaining provisions shall nonetheless be enforceable according to their terms.

(m) Relationship. This Agreement does not make either Party the employee, agent, or legal representative of the other for any purpose whatsoever. Neither Party is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of or in the name of the other Party. In fulfilling its obligations pursuant to this Agreement, each Party shall be acting as an independent contractor, and no partnership, joint venture or other similar relationship, or any fiduciary duty or other similar duty relating to any such relationship, shall be implied as to apply between the Parties or their respect Personnel.

(n) Benefit. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the Parties to this Agreement or their respective successors or permitted assigns, any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

(o) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original and all of which together shall constitute one instrument. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission (to which a PDF copy is attached) shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(p) Execution of Further Documents. Each Party agrees to execute and deliver without further consideration any further applications, licenses, assignments, or other documents, and to perform such other lawful acts as the other Party may reasonably request to fully secure or evidence the rights or interests herein.

(q) License in Bankruptcy. The Parties acknowledge and agree that the Intellectual Property licensed hereunder is "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code, which have been licensed hereunder in a contemporaneous exchange for value. The Parties further acknowledge and agree that if a Party or any of its permitted successors or assigns: (i) becomes insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due; (ii) applies for, or consents to, the appointment of a trustee, receiver or other custodian for it, or makes a general assignment for the benefit of its creditors; (iii) commences, or has commenced against it, any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceedings; or (iv) elects to reject, or a trustee on behalf of it elects to reject, this Agreement or any agreement supplementary hereto, pursuant to Section 365 of the Bankruptcy Code, or if this Agreement or any agreement supplementary hereto is deemed to be rejected pursuant to Section 365 of the Bankruptcy Code for any reason, then this Agreement, and any agreement supplementary hereto, shall be governed by Section 365(n) of the Bankruptcy Code and the licensee Party will retain and may elect to fully exercise its rights under this Agreement in accordance with Section 365(n) of the Bankruptcy Code.

(r) Dispute Resolution. Except with respect to the enforcement of any provision of this Agreement for which injunctive relief is available, any controversy, claim, or dispute relating to the performance of this Agreement (a "Dispute") shall be resolved in accordance with the procedure specified in this Section 12(r). Either party may serve written notice of any Dispute to the other party. The parties' members of the Joint Steering Committee shall meet to attempt to resolve the Dispute within thirty (30) days of such notice and shall escalate any Dispute to executive level members of each Party as appropriate. Each party hereby confirms that the members it appoints to the Joint Steering Committee shall have decision-making authority and will negotiate in good faith to attempt to reach a resolution of the Dispute. To the extent any Dispute is not resolved within such thirty (30) day period, each Party shall have the right to pursue all other available remedies under law and at equity, subject to Section 12(c).

[Remainder of page intentionally left blank; signature page(s) follow]

IN WITNESS WHEREOF, each of the Parties has caused this License and Collaboration Agreement to be executed by their duly authorized representatives as of the Effective Date.

MRI INTERVENTIONS, INC.	**ACOUSTIC MEDSYSTEMS, INC.**
By: /s/ Francis P. Grillo	By: /s/ Everette C. Burdette
Name: Francis P. Grillo	Name: Everette C. Burdette;
Title: Chief Executive Officer	Title: President/CEO

ATTACHMENTS:

EXHIBIT A: AMS SYSTEM DESCRIPTION

EXHIBIT B: AMS PATENTS AND PATENT APPLICATIONS

EXHIBT C: JOINT STEERING COMMITTEE

EXHIBIT A
AMS SYSTEM DESCRIPTION

Trade Name: TheraVision® Ultrasound Ablation System and ACOUSTx® Applicators

K Number: K150019

TheraVision® System Description:

- TheraVision® utilizes ultrasound energy for treatment
- Self-contained tabletop thermal therapy system includes all components
- Control of energy via multiple generator channels to shape and conform thermal volume to treatment target using directional applicators with variable power control along length and angle
- Algorithms for image-guidance, 3D tracking, and ultrasound ablation control
- User friendly interface for high level system control
- Real time image-based targeting and treatment monitoring
- TheraVision® imports images in real time from ultrasound imagers, MRI systems with OpenIGTLink interface, and multi-slice fast CT or MRI with DICOM push
- System Imports DICOM images for different imaging modalities (Ultrasound, MRI, CT, Fluoro CT) for image processing, registration, and segmentation

TheraVision Subsystems:

- Embedded Computer Subsystem
- Visualization Subsystem - utilization with compatible, legally marketed imaging systems
- Software - user interface and display for high-level control over the system, including power generation and safety monitoring
- Thermometry Subsystem - multichannel type T patient isolated thermocouple data acquisition system
- RF Generation Subsystem - multichannel power generator system provides the RF energy to drive piezoelectric transducers for generation of ultrasound acoustic energy from the applicators to raise temperature to therapeutic levels in the targeted tissue
- Cooling Subsystem - sterile water is pumped through the ultrasound transducers in the applicators and provides ultrasound energy coupling to tissue and also provides means for cooling the applicator
- Coolant Circulation Circuit – tubing set for circulating sterile water

ACOUSTx® Applicators:

- Used for laparoscopic, intraoperative, and percutaneous coagulation and ablation of soft tissue, including benign diseases and localized cancerous tumors.
- Sterile single use ACOUSTx® ultrasound ablation applicators for minimally invasive interventional treatment procedures
- Single or multiple applicators may be utilized simultaneously, depending on the volume of the targeted region

- Shape and conform thermal volume to treatment target using directional applicators with variable power control along length and angle
- Customized treatment patterns can be created as per treatment plan using various sectored ACOUSTx® applicators
- Flexible applicators that can be used with a cannula for robotic assisted procedures

Indications for Use:
TheraVision® Ultrasound Ablation System and ACOUSTx® Applicators are intended for the laparoscopic, intraoperative, and percutaneous coagulation and ablation of soft tissue, including benign diseases and localized cancerous tumors. It is not indicated for ablation of prostate tissue.

EXHIBIT B
AMS PATENTS AND PATENT APPLICATIONS

Note: For NIH/NSF research grants, Acoustic MedSystems (AMS) does not require a waiver of the federal purposes license to the government for any intellectual property developed under the grant funding. The rights in any intellectual property belong to AMS, with the federal government having a non-exclusive right for federal use only as necessary and only if government supported.

20080255478	Acoustic applicators for controlled thermal modification of tissue – 05/04/2007
WO/2007/059233A2 WO/2007/059233A3 US20130018303	Active Cannulas for Bio-Sensing and Surgical Intervention – 03/09/2012
20080306384	An Apparatus and methods for Computing and Processing 3D Ultrasound Elasticity Images – 10/02/2007
WO2014/004922A1 PCT/US2013/048350	Apparatus and Methods for Transurethral Treatment of Stress Urinary Incontinence – 06/27/2013
20050074156	Automatic detection of radioactive seeds for CT based post-planning for prostate seed implantation based on the Hough transform – 1/30/2004
6,746,465	Catheter-Based Balloon for therapy modification and positioning of tissue – 12/14/2001
7,476,235 EP1455885B1	Catheter-Based Balloon for therapy modification and positioning of tissue – 1/12/2004
12/341,867	Catheter-Based Balloon for therapy modification and positioning of tissue (additional new claims) – 12/22/2008
8,047,990	Collagen density and structural change measurement and mapping in tissue – 01/19/2007
US20080262345	Image registration of multiple imaging modalities using a multiple degree-of-freedom-encoded fiducial device – 11/30/2007
US20030135115	Method and apparatus for spatial registration and mapping of a biopsy needle during a tissue biopsy – 8/29/2002
13/073,683	Methods and apparatus for ultrasound strain imaging – 3/28/2011
WO/1995/031136A1	Method and apparatus for ultrasonic thermotherapy – 05/17/1995
US20050182316	Method and system for localizing a medical tool – 7/29/2004
13/171,034	Method for localizing radiation implants from limited x-ray data – 6/28/2011
6,537,306	Method of Manufacture of a Transurethral Ultrasound Applicator for Prostate Gland Thermal Therapy – 5/19/1997
13/243,709	Method for transurethral delivery of thermal therapy to tissue – 09/23/2011
8,025,688	Apparatus for thermal therapy of prostate gland with ultrasound energy – 2/24/2003
11/738,391	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007
EP2012673A2	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007

US20070255267	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007
WO/2007/124458A2	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007
WO/2007/124458A3	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007
WO/2004/019799A2	Methods and systems for localizing of a medical imaging probe and of a biopsy needle – 08/29/2003
6,512,942	Radiation Therapy and real time imaging of a patient treatment region – 5/18/2000
6,129,670	Real time brachytherapy spatial registration and visualization system – 05/29/1998
7,201,715	Real time brachytherapy spatial registration and visualization system – 12/23/2002
WO/1999/060921A1	Real time brachytherapy spatial registration and visualization system – 05/28/1999
12/712,019	Real Time Three Dimensional Heat Induced Echo Strain Imaging for Monitoring High Intensity Acoustic Ablation Produced by Conformal Interstitial and External Directional Ultrasound Therapy Applications – 02/24/2010
13/279,970	Method and System for processing ultrasound data – 10/24/2011
7,901,357	Robotic 5D Ultrasound Systems – 7/21/2004
12/449,582	Robust and Accurate Freehand 3D Ultrasound – 2/19/2008
7,867,167	Ultrasound Calibration and Real-time Quality Assurance Based on Closed Form Formulation – 4/15/2005
8,292,815	Ultrasound device for treatment of intervertebral disc tissue – 6/12/2007
US20130046208	Ultrasound device for treatment of intervertebral disc tissue – 10/22/2012
5,549,638	Ultrasound device for use in a thermotherapy apparatus – 5/17/1994
6,208,883	Ultrasound localization and image fusion for the treatment of prostate cancer – 9/9/1998
EP0643982A1	Ultrasound thermotherapy probe – 6/24/1994
7,171,255	Virtual reality 3D visualization for surgical procedures – 7/2/2001
EP1033934A1	Virtual reality 3D visualization for surgical procedures – 11/23/1998
EP1033934A4	Virtual reality 3D visualization for surgical procedures – 11/23/1998
US20010041838	Virtual reality 3D visualization for surgical procedures – 7/2/2001
WO/1999/026534A1	Virtual reality 3D visualization for surgical procedures – 11/23/1998
9,119,954	Ultrasound device for treatment of a tumor in a region of intervertebral disc tissue – 10/22/2012
9,060,670	Real time three-dimensional heat-induced echo-strain imaging for monitoring high-intensity acoustic ablation produced by conformal interstitial and external directional ultrasound therapy applicators – 2/24/2010
8,948,471	Image registration of multiple medical imaging modalities using a multiple degree-of-freedom-encoded fiducial device – 11/30/2007
8,790,281	Method of thermal treatment of myolysis and destruction of benign uterine tumors – 4/20/2007
8,233,686	Methods and systems for locating objects embedded in a body – 6/28/2011
20160030773	Ultrasound Therapy Catheter with Multi-Chambered Balloons for Transluminal Longitudinal Positioning – 3/12/2014
20160015417	REAL TIME THREE-DIMENSIONAL HEAT-INDUCED ECHO-STRAIN IMAGING FOR MONITORING HIGH-INTENSITY ACOUSTIC ABLATION PRODUCED BY CONFORMAL INTERSTITIAL AND EXTERNAL DIRECTIONAL ULTRASOUND THERAPY APPLICATORS – 2/24/2010

20160008635	CATHETER-BASED ULTRASOUND TRANSDUCERS – 2/4/2014
20150367147	ULTRASOUND DEVICE FOR TREATMENT OF A TUMOR IN A REGION OF INTERVERTEBRAL DISC TISSUE – 8/31/2015
20150216621	IMAGE REGISTRATION OF MULTIPLE MEDICAL IMAGING MODALITIES USING A MULTIPLE DEGREE-OF-FREEDOM-ENCODED FIDUCIAL DEVICE – 2/3/2015
20150209551	MRI COMPATIBLE ABLATION CATHETER SYSTEM INCORPORATING DIRECTIONAL HIGH-INTENSITY ULTRASOUND FOR TREATMENT – 8/15/2013
20150202467	APPARATUS AND METHODS FOR TRANSURETHRAL TREATMENT OF STRESS URINARY INCONTINENCE – 12/11/2014
20150165241	NONINVASIVE TRANSVAGINAL ACOUSTIC THERMAL TREATMENT OF FEMALE STRESS URINARY INCONTINENCE – 6/26/2013
20150018727	METHOD OF THERMAL TREATMENT FOR MYOLYSIS AND DESTRUCTION OF BENIGN UTERINE TUMORS – 6/17/2014
20130046208	ULTRASOUND DEVICE FOR TREATMENT OF INTERVERTEBRAL DISC TISSUE – 10/22/2012
20120078098	Collagen Density and Structural Change Measurement And Mapping in Tissue – 10/31/2011
20110317810	METHODS AND SYSTEMS FOR LOCATING OBJECTS EMBEDDED IN A BODY – 6/28/2011
20080262345	Image registration of multiple medical imaging modalities using a multiple degree-of-freedom-encoded fiducial device – 11/30/2007
20080108984	Ultrasound device for treatment of intervertebral disc tissue – 12/21/2007
20080004614	Ultrasound device for treatment of intervertebral disc – 6/12/2007
20080004481	APPARATUS AND METHOD FOR GUIDING INSERTION OF A MEDICAL TOOL – 6/28/2006
20070173720	Collagen density and structural change measurement and mapping in tissue – 1/19/2007
20040044375	Method of manufacture of a transurethral ultrasound applicator for prostate gland thermal therapy – 3/24/2003
20030229282	Real time brachytherapy spatial registration and visualization system – 12/23/2002
20030135102 US 10/310,565 EP1569721A1 WO2004052460A1 WO2004052460B1	Method and system for registration and guidance of intravascular treatment – December 5, 2002
20030112922 US 10/286,368 CN1612713A EP1460938A1 EP1460938A4 US7438685 WO2003039370A1	Apparatus and method for registration, guidance and targeting of external beam radiation therapy – 11/1/2002
20030084909 US 10/003,612 WO2003039336A2 WO2003039336A3	Apparatus and method for three dimensional spatial registration of surgical procedures using radio tagging – 11/2/2001
20030069569	Ultrasound device for treatment of intervertebral disc tissue – 8/29/2002

EXHIBIT C
JOINT STEERING COMMITTEE

The Joint steering Committee is responsible for the program management of all Statements of Work related to the Agreement between MRI Interventions and Acoustic MedSystems. The Joint Steering Committee meets regularly using a mutually agreed upon schedule in accordance with 4 of the Agreement.

Initial JSC Members for MRI:

1. [***]

2. [***]

Initial JSC Members for AMS:

1. [***]

2. [***]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Exhibit 10.2

SECOND AMENDMENT

THIS SECOND AMENDMENT (the "Second Amendment") is dated as of April 1, 2017 (the "Effective Date"), by and between **MRI Interventions, Inc.**, a Delaware corporation, having its principal office located at 5 Musick, Irvine, California, 92618 ("MRI"), and **Kimble L. Jenkins** ("Consultant"), and amends that certain Consulting Agreement, by and between MRI and the Consultant, entered into on April 1, 2015, and amended on December 15, 2016 (the "Agreement").

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MRI and Consultant agree as follows:

1. Sections 3(a) and 3(b) of the Agreement are deleted, in their entirety, and replaced with the following subsections (a) and (b):

> "(a) Subject to the following sentence, for Consulting Services requested by and provided to MRIC hereunder, MRIC will pay Consultant at the rate of $30,000 per calendar month for the period commencing April 1, 2017 and ending May 31, 2017. Begining June 1, 2017, MRIC will pay Consultant at the rate of one hundred and fifty five dollars ($155.00) per hour worked with a maximum daily rate of twelve hundred forty dollars ($1,240.00).
>
> (b) Consultant will not be paid separately for travel time incurred for the period commencing April 1, 2017 and ending May 31, 2017. Thereafter, and notwithstanding paragraph (a) above: (i) for travel time, MRIC will pay Consultant at the rate of fifty dollars per hour, with a maximum daily travel rate of four hundred dollars ($400.00); and (ii) for days that include both consulting and travel hours, the aggregate daily rate will be capped at twelve hundred forty dollars ($1,240.00)."

2. Capitalized terms used herein, which are not otherwise defined, will have the meaning ascribed to them in the Agreement.

3. Except as expressly otherwise set forth herein, all of the terms and conditions of the Agreement will remain unchanged and continue in full force and effect.

4. In the event of any conflict or inconsistency between the terms and conditions set forth in this Amendment and the Agreement, the provisions of this Amendment will prevail. The execution and delivery of this Amendment by delivery of a facsimile or .pdf copy bearing the facsimile or .pdf signature of a party hereto will constitute a valid and binding execution and delivery of this Amendment, and such facsimile or .pdf copies will constitute enforceable original documents.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

MRI Interventions, Inc.	**Consultant**
By: /s/ Francis P. Grillo	By: /s/ Kimble L. Jenkins
Name: Francis P. Grillo	Name: Kimble L. Jenkins
Title: Chief Executive Officer	

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, Francis P. Grillo, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2017, of MRI Interventions, 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(s) 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(s) 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: May 9, 2017

/s/ Francis P. Grillo
Francis P. Grillo
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, Harold A. Hurwitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2017, of MRI Interventions, 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(s) 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(s) 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: May 9, 2017

/s/ Harold A. Hurwitz
Harold A. Hurwitz
Chief Financial Officer

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

Each of the undersigned, Francis P. Grillo and Harold A. Hurwitz, certifies pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this quarterly report on Form 10-Q for the quarter ended March 31, 2017, of MRI Interventions, Inc. (the "Company") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (2) the information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2017

/s/ Francis P. Grillo
Francis P. Grillo
Chief Executive Officer

/s/ Harold A. Hurwitz
Harold A. Hurwitz
Chief Financial Officer