

NAME AND ADDRESS

SRN/HIN

STEP 1

CDI VOTING INSTRUCTION FORM

DIRECTION TO CHESSE DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESSE Depositary Interests (CDIs) of eSense Lab Ltd (Company) hereby direct CHESSE Depositary Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the Annual General Meeting of the Company to be held at 3:00pm (WST) on Thursday, 15 February 2018 at 108 Outram Street, West Perth, Western Australia, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

VOTING INSTRUCTIONS

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 72 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1a Re-election of Dr Brendan de Koeke to the Board of Directors	<input checked="" type="checkbox"/>			5 Ratification of the issue of Placement Shares	<input checked="" type="checkbox"/>		
1b Re-election of Haim Cohen to the Board of Directors		<input checked="" type="checkbox"/>		6 Ratification of the issue of Strategic Investor Placement Shares	<input checked="" type="checkbox"/>		
1c Re-election of Eran Gilboa to the Board of Directors		<input checked="" type="checkbox"/>		7 Approval of the issue of Strategic Investor Options	<input checked="" type="checkbox"/>		
1d Re-election of Ilan Saad to the Board of Directors		<input checked="" type="checkbox"/>		8 Approval of the issue of Lead Manager Options	<input checked="" type="checkbox"/>		
2 Approve the Compensation Policy for Officers and Directors for the Years 2017-2019	<input checked="" type="checkbox"/>						

Check 'Yes' to confirm you are not a 'controlling shareholder' of the Company under the Israel Companies Law and do not have a 'personal benefit or other interest' in the approval of Proposal 2, as described in the Notice of the Meeting and Proxy Statement. If you do not mark this box your vote on this proposal will not be counted.

Yes

☒

- 3 Approval of Additional Equity Securities Issue Capacity Under Listing Rule 7.1A ☒
- 4 Reappointment of BDO Ziv Haft as the Company's Accounting Firm ☒



* If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted.

STEP 3

SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

CDI Holder 1 (Individual)

Joint CDI Holder 2 (Individual)

Joint CDI Holder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the CDI Holder in accordance with the instructions overleaf.

ESE PRX1704N

29 January 2018

Dear Fellow eSense Shareholders and CDI Holders

WE NEED YOUR SUPPORT TO GET ESENSE BACK ON TRACK

We (being Romfal Sifat Pty Ltd, Buzz Capital Pty Ltd and Attollo Investment Pty Ltd) (together, **we** or the **Requisitioning Shareholders**) have requisitioned a meeting of the shareholders of eSense-Lab Limited (ASX:ESE) (**Company** or **eSense**), as announced by the Company on 25 January 2018.

As you may know, at the Company's 2017 Annual General Meeting to be held on 15 February 2018 (**AGM**), shareholders will be asked to consider (among other things) the re-election of Directors Dr Brendan de Kauwe, Mr Haim Cohen, Mr Eran Gilboa and Mr Ilan Said. In addition, the Requisitioning Shareholders have requisitioned a general meeting of the Company which the Directors are required to convene and hold in February / March 2018 (**Requisitioned Meeting**) at which shareholders will be asked to consider:

- The removal of Mr Haim Cohen, as a Director of the Board
- The removal of Mr Eran Gilboa, as a Director of the Board
- The removal of Mr Ilan Said, as a Director of the Board
- The appointment of Mr Faldi Ismail, as a Director of the Board
- The appointment of Dr Brendan de Kauwe as a Director of the Board
- The appointment of Mr Andreas Gedeon as a Director of the Board

If any one or more of Mr Cohen, Mr Gilboa and/or Mr Said is not re-elected at the AGM, we intend to withdraw the resolution to remove the not re-elected Director at the Requisitioned Meeting as it will not be required. If Dr de Kauwe is re-elected at the AGM, we intend to withdraw the resolution to appoint him at the Requisitioned Meeting as he will already be a Director.

We have lost confidence in the existing Board, and have despatched this letter to eSense shareholders to ensure they are fully informed ahead of the AGM and Requisitioned Meeting.

We are very concerned about eSense:

1. Lack of clarity regarding Distribution Agreement

On 15 January 2018, the Company announced that it had entered into a binding distribution and sales agreement with IC Access, a United Arab Emirate's entity, under which IC Access has agreed to a minimum commitment to purchase Terpene Strains from the Company for \$1.1 million over 3 years (**Distribution Agreement**). The announcement provided little detail of the key terms of the agreement, and little is known about IC Access. We note the Company's listing prospectus dated 6 December 2016 noted it had received a purchase order from Allor Vaporizers (**Allor**) to purchase US\$470,000 worth of the Company's cannabis Terpene Profiles, noting that the purchase order does not specify an 'end date' by which the order must be satisfied, but that its intention is to satisfy the order in April 2017. The Company subsequently announced on 26 September 2017 that receipts of only US\$85,000 had been received from Allor with the balance contracted for fulfillment by 30 December 2017. Given this history of performance by counterparties, we consider that the Board should be particularly vigilant in entering into new contracts and provide better disclosure to the market in this regard, particularly as the Board has determined that the Distribution Agreement has

satisfied the vesting hurdle of the Company's 15 million Class C Performance Rights on issue. Our concerns in this regard are detailed in point two below.

The Company's share price did not move following the announcement of the Distribution Agreement, and in fact fell in the following days. We are concerned that this is an indication the market is questioning the merits of the Distribution Agreement and has lost confidence in the existing Board.

2. Vesting of Class C Performance Rights

The Company has released on 29th January 2018, an Appendix 3B for the issue of 9,537,503 CDIs and 6,429,111 Class E Performance Rights following the vesting of the Company's Class C Performance Rights. The Company had a total of 15 million Class C Performance Rights on issue but the Appendix 3B notes that holders of 5,462,497 rights have not yet made an election to convert.

The performance condition of the Company's existing Class C Performance Rights is the signing of a binding distribution agreement worth A\$1 million to supply Terpene Profiles within 12 months of the Company's admission to the ASX (which period ends on 14 February 2018). The Board has determined that the IC Access Distribution Agreement satisfies the Class C Performance Rights performance condition, and as such has issued CDIs which has significantly diluted shareholders.

The Directors of the Board subject to removal at the Requisitioned Meeting are Haim Cohen, Eran Gilboa and Ilan Said, all of whom have elected to convert their Class C Performance Rights and have been issued 766,586, 1,942,471 and 104,901 CDIs respectively, with the balance elected to be converted by parties known to the aforementioned Directors.

The holders of the remaining 5,462,497 Class C Performance Rights have not yet elected to convert their rights into CDIs, notwithstanding the Board's determination that they have vested. These holders include the Requisitioning Shareholders, being Dr Brendan de Kauwe (currently Chairman of the Company), Faldi Ismail and Buzz Capital Pty Ltd. We are concerned about the Board's decision to vest the Class C Performance Rights for a number of reasons, in particular:

- as detailed in section 1, we question the legitimacy of the Distribution Agreement and the lack of disclosure to the market in this regard, as well as the Board's decision that the signing of this agreement should satisfy the Class C Performance Rights performance condition (particularly given members of the Board hold the rights);
- in addition, we query the rationale and timing for the Board to determine that the Class C Performance Rights should vest and issue the CDIs immediately after the Requisitioned Meeting has been requested;
- furthermore, as clearly noted in the Class C Performance Rights terms (in Section 9.4 (C)(ii) of the Company's relisting prospectus, even if the Board determines that the performance condition has been met, the Class C Performance Rights do NOT vest until the date "two years from the date of Admission".

It should also be noted that vesting of the Class C Performance Rights also triggers the issue of up to 15 million new Class E Performance Rights, the performance condition for which is

"if the Company signs binding distribution contracts for its reconstructed Terpene Profiles with a cumulative value of A\$2 million within 18 months from the date of Admission".

We are concerned about the potential additional dilution that could occur if the Board determine that additional agreements signed by the Company satisfy the performance condition of the Class E Performance Rights, and question whether these Agreements will translate to value to the Company's existing Shareholders.

Whilst the Requisitioning Shareholders acknowledge the desire for the Board and management to be incentivised through the issue of performance rights with appropriate performance conditions, we think there should be a stronger focus on ensuring the value of the agreements the Company enters into is actually translated to shareholders before such significant dilution is caused.

3. Sudden Departures of Key Personnel

The intellectual property of eSense's business was developed by Dr Yaron Penn, the former Chief Technology Officer (CTO) of the Company. Given his importance to the business, Dr Penn was listed as a Key Technical Person in the Company's listing prospectus dated 22 December 2016 which also included a summary of the key terms of his employment contract, underlying his importance to the Company. Dr Penn resigned as a result of frustration with the current management, and Eyal Kalo was later appointed CTO.

On 9 January 2018, the Company announced that it had appointed Mr Ian Pamensky as Company Secretary to replace Mr Steven Wood. Mr Wood was the Company Secretary of eSense since its listing on ASX February 2017, and as such had an intimate knowledge of the Company's business and operations.

The Requisitioning Shareholders understand that the replacement of both the CTO and the Company Secretary was a decision of the Board, for which no explanation has been given to shareholders. Given the importance of both Dr Penn and Mr Wood to the Company and its business, in particular Dr Penn as developer of the intellectual property behind the Company's products, we are concerned that the decision to remove them was not made in the best interests of shareholders, and also about the lack of disclosure around these important decisions.

4. Inappropriate Delay of 2017 AGM

The Company's 2017 AGM was originally scheduled to be held on 29 November 2017. On 24 November 2017, the Company announced that the AGM will be postponed to 29 December 2017, and on that same day, the Company announced a further postponement of the AGM to 15 February 2018, citing that a number of Israel-based shareholders had not received their meeting documents.

The Requisitioning Shareholders consider the continued postponement of the AGM to be extremely inappropriate, and an indication of a lack of appropriate governance and control within the Company. Annual general meetings provide the central forum by which companies can effectively communicate with shareholders, and provide them with access to information about the company and corporate proposals and enable their participation in decision-making. As such, Israeli companies are expected to hold an AGM each calendar year and at least once every 15 months. eSense did not hold an AGM in 2017, depriving

shareholders an important opportunity to access information on the Company and its business.

We are also disappointed at the surrounding circumstances in which the AGM was further delayed. The Company's 29 December 2017 ASX announcement cited the reason for the further delay was that a number of Israel-based shareholders had not received their meeting documents. The meeting materials were released by the Company on ASX (and therefore available to all shareholders), and provided it (and its share registry) has complied with the notice requirements of its Articles and applicable law, the Board's duty should be to ensure the meeting is held on time for the benefit of all shareholders rather than ensuring that each and every shareholder has received the meeting materials.

The timing of the further postponement of the AGM was also questionable. The postponed AGM was scheduled to be held on 29 December 2017, and it was not until that very day that the further postponement to 15 February 2018 was announced, causing undue inconvenience to shareholders intending on attending the meeting. Further, at that point in time, all proxy voting for the AGM would have been received and it is likely the Board would have had an indication of the likely outcome of the resolutions to be considered. In these circumstances, we can't help but query the motives of the Board in further postponing the AGM at such a late stage.

We are extremely disappointed about the continued delays to the AGM, and consider that appropriate action needs to be undertaken to ensure this will not occur again.

5. Inappropriate Board Composition

The Requisitioning Shareholders are concerned that there appears to be a lack of appropriate experience on the Board in the medicinal cannabis space, particularly given the departure of former CTO Dr Penn.

In addition, the current Board is comprised of 4 Israelis and 2 Australians. Given the Company is listed on the ASX and a significant percentage of its members are Australian, we consider that a Board composition more representative of the Australian shareholder base is appropriate to ensure that Australian shareholders are properly represented.

At the Requisitioned Meeting, shareholders will be asked to approve the appointment of Mr Faldi Ismail, Mr Andreas Gedeon and (if he is not re-elected at the AGM) Dr de Kauwe who is the current Chairman of the Company. Messrs Ismail, Gedeon and de Kauwe will bring significant skills, networks and experience to the Board, including industry specific experience in the medicinal cannabis space. Brief profiles of Messrs Ismail and Gedeon are set out below.

Mr. Gedeon, a former Officer in the German Navy, holds a degree in Educational Science from the University of the German Federal Armed Forces. As the founder of the Canadian Licensed Cannabis Producer United Greeneries Ltd. and the Swiss cannabis pharmaceutical and nutraceutical manufacturer Satipharm AG, he has strong operational expertise and networking contacts in the international cannabis industry. Mr. Gedeon is also the Managing Director of MMJ Phytotech Limited (ASX: MMJ) (MMJ), an Australian company which holds investments in several international companies who aim to commercialise cannabis products and high value cannabis-based therapeutics in the rapidly growing international markets with regulated cannabis laws. Additionally, Mr Gedeon is the CEO and Managing Director of Harvest One Cannabis Inc. (Harvest One) (TSXV: HVST), a Canadian company focused on serving both the medical and recreational cannabis markets, in Canada and internationally.

As detailed in the Company's 14 November 2017 ASX announcement, MMJ has made a strategic investment in the Company and Harvest One and the Company are parties to a collaboration agreement.

Mr Ismail is an experienced corporate advisor who specialises in the restructure and recapitalisation of a wide range of ASX-listed companies. He has many years of investment banking experience and has advised on numerous cross border transactions including capital raisings, structuring of acquisitions and joint ventures overseas. Mr Ismail is currently a director of a number of ASX listed companies.

If Messrs Ismail, Gedeon and/or de Kauwe are elected to the Board, they intend to lobby the eSense Board to undertake the following actions in the interests of all shareholders:

- Ensure that moving forward, the Board composition better reflects the Company's Australian shareholder base, and also ensure that the experience and skills of the Board are appropriate for the Company's business and implementation of its strategy;
- Consider re-domiciling the Company from Israel to Australia, which will mean the Company will be governed by Australian laws moving forward;
- Consider the re-appointment of the former CTO and developer of the Company's intellectual property Dr Yaron Penn as well as the former Company Secretary Steven Wood, and;
- Implement appropriate protocols and procedures to seek to address the governance issues raised above.

IMPORTANT

Voting at the AGM

The AGM is scheduled to be held on February 15, 2018 at 3:00 pm Australian WST at 108 Outram Street, West Perth, Western Australia.

If you share the concerns of the Requisitioning Shareholders outlined above and want to get eSense **BACK ON TRACK**, you should vote **AGAINST** the re-election of Messrs Cohen, Gilboa and Said and **FOR** all other resolutions including the re-election of Dr de Kauwe.

For CDI holders, we have enclosed an example of a completed "how to vote" Voting Instruction Form which votes this way. If you wish to vote this way, please follow the instructions on the Voting Instruction Form and lodge by 3:00pm Australian WST on February 12, 2018.

As detailed in the Company's 29 December 2017 ASX announcement:

- **If you have already voted and do not wish to change your vote:**

You need not take any action. The earlier submitted proxy form or voting instruction form will remain valid for the rescheduled Annual Meeting.

- **If you have already voted and now wish to revise your vote:**

You can resubmit your proxy form or voting instruction form (as applicable) by the deadline specified below.

- **If you have not returned your proxy form or voting instruction form and now wish to vote:**

Please complete and return the proxy form or voting instruction form (as applicable) by the deadline specified below.

Security holders can cast their vote via the following methods:

ONLINE - www.linkmarketservices.com.au and Login using your HIN or SRN, and postal code.

BY MAIL - eSense-Lab Ltd C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia

BY FAX - +61 2 9287 0309

BY HAND - Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

If security holders have not received the proxy form or voting instruction form, they should contact the Company's share registry, Link Market Services Limited, via telephone: +61 1300 554 474. The Annual Meeting documents announced on the ASX market announcements platform on 24 November 2017, and distributed to all registered addresses of share and CDI holders on 7 December 2017 (either via email or post) remain valid, with the exception of the following dates being revised:

Annual Meeting Date: February 15, 2018, at 3:00 pm

Australian WST Deadline for CDI holders to lodge voting instruction forms: February 12, 2018, at 3:00 pm

Australian WST Deadline for shareholders to lodge proxy forms: February 13, 2018, at 3:00 pm Australian WST