

ASX ANNOUNCEMENT

ASX Code: ESE

1 February 2019



RELEASE OF SECURITIES FROM ESCROW

Life science company eSense-Lab Limited (ASX:ESE) ("eSense" or the "Company"), advises that 44,398,808¹ Chess depositary Interests, 5,638,689 Options expiring at various dates and exercisable at various prices and 32,891,608² Performance Rights ("Securities") are to be released from escrow on 14 February 2019 in accordance with ASX Listing Rule 3.10A.

The terms of the Options are detailed below.

The Performance Rights will convert into CDI's upon satisfaction of the milestones detailed below. The Company intends to apply for quotation of these Performance Rights once the milestones have been satisfied.

The Securities detailed above were issued to Related parties, Seed capitalists, Vendors and Promoters as part of the pre IPO funding and were subject to 24 months escrow from the date of official quotation being 14 February 2017.

The Company currently has 5,638,689 escrowed Options currently on issue. The terms and conditions of the Options are outlined in sections 9.3 and 9.8 of the Company's replacement prospectus dated 22 October 2016 and lodged with the ASX on 23 January 2017. The terms of the Options are:

- (a) 638,689 Unlisted Options issued under the Company's Share Incentive Plan are exercisable at NIS0.01 and expire on 19 January 2022. These options vesting annually over a three year period; and
- (b) 5,000,000 Unlisted Options are exercisable at A\$0.25 and expire on 7 February 2020.

The Company currently has 32,891,608 escrowed Performance Rights currently on issue. The terms and conditions of the performance shares are outlined in section 9.4 of the Company's replacement prospectus dated 22 October 2016 and lodged with the ASX on 23 January 2017. The Class C and Class D Performance Rights (detailed below) will lapse on 14 February 2019, the balance of the performance rights will convert into Shares upon satisfaction of the following milestones:

- (a) 3,000,000 Performance Rights Class A - if the volume weighted average market price of Shares calculated over the 10 consecutive trading days on which trades of Shares were recorded on ASX is A\$0.40 or higher. Class A Performance Right: into one Share. The Performance Rights will lapse 36 months from the date of Admission.
- (b) 3,000,000 Performance Rights Class B - if the volume weighted average market price of Shares calculated over the 10 consecutive trading days on which trades of Shares were recorded on ASX is A\$0.60 or higher. Class B Performance Right will convert into one Share. The Performance Rights will lapse 36 months from the date of Admission.
- (c) 5,462,497 Performance Rights Class C - if the Company signs binding distribution contracts for its reconstructed Terpene Profiles with a cumulative value of A\$1 million within 12 months from the date of Admission. Class C Performance Right will convert into one Share and one Class E Performance Right. The Performance Rights will lapse 12 months from the date of Admission. Will lapse on 14 February 2019.
- (d) 15,000,000 Performance Rights Class D - if the Company generates cumulative revenue from the application of the Company's intellectual property and technology relating to the analysis and reconstruction of Terpene Profiles of A\$3 million within 24 months from the date of Admission. Class D Performance Right will convert into one Share and one Class F Performance Right. The Performance Rights will lapse 24 months from the date of Admission. Will lapse on 14 February 2019.

¹ This includes 9,537,503 CDIs that will remain on the separate sub-register of unlisted securities until a resolution of an authorized body of the Company to move such securities from the sub-register of unlisted securities. The holders will waive all rights arising from such securities

² Includes the Class C and Class D Performance Rights that will lapse on 14 February 2019.

- (e) 6,429,111 Performance Rights Class E³ - 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. Class E Performance Right will convert into one Share; and
- (f) Nil Performance Rights Class F: if the Company generates cumulative revenue from the application of the Company's intellectual property and technology relating to the analysis and reconstruction of Terpene Profiles of A\$6 million within 36 months from the date of Admission. Class F Performance Right will convert into one Share. The Performance Rights will lapse 36 months from the date of Admission.

ENDS

For further information, please contact:

Company Secretary

Ian Pamensky
+61 414 864 746
ian@cfo2grow.com.au

Media & Investor Enquiries

Julia Maguire
+61 419 815 386
julia@thecapitalnetwork.com.au

Corporate Advisor

EverBlu Capital
+61 2 8249 0000
info@everblucapital.com

About eSense-Lab | Registered Office: Level 14, 330 Collins Street, Melbourne, Victoria, Australia, 3000

eSense-Lab Ltd (ASX:ESE) is a life sciences research and development company creating natural plant-based products that heal and delight. Headquartered in Israel, eSense-Lab combines genetics, mRNA, protein expression and phytochemical profiles to generate a comprehensive model of rare or high value plants.

With multi-disciplinary R&D expertise, unique reverse engineering capabilities and game-changing techniques that enable re-engineering the chemical composition found in plants, e-Sense Lab re-formulates these for numerous commercial applications.

Cannabis is the first plant eSense is targeting for re-engineering. eSense is creating a cannabis plant that has all the characteristics of the real thing, but does not contain the psychoactive and more heavily regulated cannabinoid compound.

To learn more about eSense-Lab, please visit www.esense-lab.com

³ The Class E Performance Rights will remain on the separate sub-register of unlisted securities until a resolution of an authorized body of the Company to move such securities from the sub-register of unlisted securities. The holders will waive all rights arising from such securities