

ASX RELEASE

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eSense-Lab Signs Commercial Supply Agreement and Strengthens Board in December Quarter

Investment highlights:

- Commercial supply agreement signed with United Kingdom based E-Quits group
- eSense-Lab strengthens board with new Non-Executive Chairman Dr James Ellingford and Non-Executive Director Mike Edwards

Life sciences company eSense-Lab Ltd (**'eSense' or 'the Company'**) (ASX: ESE) is pleased to provide a summary of the Company's activities for the quarter ended 31 December 2019, along with its Appendix 4C.

Business activities

UK E-Quits Commercial Supply Agreement

During the quarter, eSense placed an additional order of terpenes under the commercial supply agreement signed with the United Kingdom based E-Quits group.

As per the terms of the commercial agreement with E-Quits and the previous purchase of eSense-Lab products, a new order totalling 5 litres of material was ordered by E-Quits, based on the Company's Super Lemon Haze product, for distribution in the United Kingdom.

E-Quits Group is one of the largest companies operating in the UK e-liquid market, acquiring other e-liquid manufacturers such as Lonjas UK and Proof E-liquids as well as establishing a retail distribution company called Vaping Warehouse.

The 2-year agreement between eSense and E-Quits covers the supply of terpenes with no limit to the quantity ordered and with a fixed price per litre agreed. The full order schedule is being implemented according to the agreement and the order plan.

Corporate

Board Appointments and Change in CEO

The Company strengthened its Board with the appointment of Dr James Ellingford and Mr Mike Edwards as Non-Executive Chairman Non-Executive Director respectively. In conjunction with these appointments, Mr Piers Lewis stepped down as Chairman into a Non-Executive Director position and Ms Galit Assaf resigned as Non-Executive Director.

Subsequent to the end of the quarter, the Company received notice that Mr Haim Cohen tendered his resignation as CEO. Mr Piers Lewis will assume the position of interim CEO once Mr Cohen serves out his notice period.

Commercialisation review

The eSense Board has implemented a commercialisation review of its product suite. The Board notes that the distribution agreements executed to date have been encouraging, but expanding the commercial reach of the Company is essential in generating long term shareholder value.

With the experience gained through the recent appointment of Dr Ellingford, a thorough review of international opportunities and operations is being undertaken. Dr Ellingford is also leading the companies search for a new, qualified, revenue focused CEO with further updates on the status of the search to be made in due course.

VaporSpec Distribution Agreement

The Company refers to the announcements made on 7 February 2019, 16 April 2019 and 2 July 2019 in respect to the distribution agreement with VaporSpec, including the progress of orders of ESE's electronic cigarette liquid product (e-juice) in USA and Canada (VaporSpec Distribution Agreement).

The Company advises that the expected order in Q4 of 2019 under the VaporSpec Distribution Agreement has not materialised. ESE will be reviewing the VaporSpec Distribution Agreement with the distributor and provide a further update on the status of the agreement in due course.

Cash Position

eSense's cash on hand at the end of the quarter was approximately USD\$451,000.

eSense Chairman, Dr James Ellingford said: *"We are pleased with our progress in the December quarter. The continuation of the supply of our products to E-Quits is important as it points to the continued stability in have recurring orders for our terpenes. Along with the Board appointments, the Company is heading the right direction as it works hard to commercialise its innovative product portfolio."*

Ends

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eSense-Lab Ltd (ASX:ESE) is a life sciences company creating virtual plant-based products for medicinal and recreational consumption. Headquartered in Israel, eSense-Lab combines genetics, mRNA expression, phytochemical characterisation and unique formulations to generate comprehensive models of rare or high value plants. With multi-disciplinary research and development expertise, eSense has game-changing techniques and unique reverse-engineering capabilities, placing it at forefront of the growing international terpene market. eSense has created virtual cannabis, with all the characteristics of the real plant, without the psychoactive and heavily regulated cannabinoid compound, for mass consumer consumption.

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