



Dear Shareholders and Holders of CDIs,

You are cordially invited to attend the Annual and extraordinary Meeting of Shareholders (the “**Annual Meeting**”) of eSense-Lab Ltd., to be held at the Company’s registered office at Suite 1, 295 Rokeby Road, Subiaco, Australia, on 09 June 2020, at 3.00pm Australian Western Standard Time (9.00am Israel time). The Annual Meeting has a record date of 11 May 2020 in compliance with the provisions of the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder (together, the “Israel Companies Law”).

At the Annual Meeting, shareholders will be asked to consider and vote on the matters listed in the enclosed Notice of Annual Meeting of Shareholders. Holders of our CHESS Depositary Interests over ordinary shares (“**CDIs**”) will also be entitled to attend the Annual Meeting, provided that they cannot vote at the meeting and if they wish to vote they must direct CHESS Depositary Nominees Pty Ltd (“**CDN**”), the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set forth in the accompanying Proxy Statement.

**Given the status of the evolving COVID-19 situation and government restrictions on public gatherings in place at the time of the Annual Meeting, the Directors have made a decision that the holders of ordinary shares and CDIs will not be able to attend the Annual Meeting in person.**

**Accordingly, the directors strongly encourage all shareholders to lodge a directed proxy form prior to the Meeting and if you wish to ask the chairperson a question regarding the business of the Meeting. All holders of CDIs are also encouraged to submit your voting instructions to CDN by the provision of a completed CDI voting instruction form to Link Market Services.**

**The Annual Meeting will be accessible to all holders of ordinary shares and CDIs via live teleconference.**

**Further information on how you can participate in the Annual Meeting is set out in the notice of meeting.**

We look forward to greeting as many of you as can attend the meeting.

Sincerely,

**Mr Piers Lewis**  
**Non-Executive Director**



## Notice of Annual and Extraordinary Meeting of Shareholders

3 Pinchas Sapir St., Ness Ziona, Israel

NOTICE IS HEREBY GIVEN that the Annual and extraordinary Meeting of Shareholders (the “Annual Meeting”, or the “Meeting”) of eSense-Lab Ltd. (“**eSense**” or the “**Company**”) will be held on 9 June 2020 at 9.00am Israel time (3.00pm Australian Western Standard Time), at the Company’s registered offices at Suite 1, 295 Rokeby Road, Subiaco, Australia

The agenda of the Annual Meeting will be as follows:

1. To elect each of the directors named in the attached Proxy Statement as a member of the board of directors of the Company (the “**Board**” or the “**Board of Directors**”), to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Company’s Second Amended and Restated Articles of Association (the “**Articles of Association**”) or the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder (together, the “**Israel Companies Law**”).
2. To ratify the election of Mr. James Ellingford, member of our Board of Directors, to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Articles of Association or the Israel Companies Law.
3. To approve the employment terms of the Company’s CEO, Mr. Itzik Mizrahi.
4. To approve the reappointment of BDO Ziv Haft as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 and until the end of the next annual meeting of shareholders, and to authorize the Board, upon recommendation of the audit committee, to fix the remuneration of said independent registered public accounting firm.
5. To approve the issue of Placement Securities in accordance with ASX Listing Rule 7.1.
6. To approve the issue of Placement Securities to Atlantic Capital Holdings Pty Ltd (an associate of the Company’s Corporate Adviser and the Lead Manager to the Loan Note issue and the Placement, EverBlu Capital Pty Ltd (“**EverBlu Capital**”)) (or its nominee/s) in accordance with ASX Listing Rule 10.11.
7. To approve the issue of Placement Securities to Australasian Share Nominees Pty Ltd (an associate of EverBlu Capital) (or its nominee/s) in accordance with ASX Listing Rule 10.11.
8. To approve the issue of Loan Note Conversion Securities on conversion of the Loan Notes in accordance with ASX Listing Rule 7.1.

9. To approve the issue of the Lead Manager Securities to EverBlu Capital (or its nominee/s) in accordance with ASX Listing Rule 10.11.
10. To approve the issue of the Loan Repayment Securities to EverBlu Capital (or its nominee/s), to repay the EverBlu Loan, in accordance with ASX Listing Rule 10.11.
11. To approve an increase in the number of equity securities that can be issued by the Company during a period of up to 12 months following the Annual Meeting by up to 10% of the outstanding ordinary shares, in accordance with and as calculated under ASX Listing Rule 7.1A. Such approval must be passed as a “special resolution” requiring approval of holders of 75% of the ordinary shares voted in person or by proxy on the matter.
12. To re-adopt the Company’s share incentive plan in accordance with ASX Listing Rule 7.2 (Exception 13) on the terms set out in Schedule 1.
13. To report on the business of the Company for the fiscal years ended December 31, 2018, including a review of the fiscal 2018 financial statements.
14. To act upon any other matters that may properly come before the Meeting or any adjournment thereof.

Only shareholders on record at the close of business on 11 May 2020 (the “**Record Date**”) will be entitled to vote at the Annual Meeting, or any adjournment or postponement thereof. Holders of our CHESS Depository Interests over ordinary shares (“**CDIs**”) as of the Record Date will also be entitled to attend the Annual Meeting, provided that they cannot vote at the Meeting and if they wish to vote they must direct CHESS Depository Nominees Pty Ltd (“**CDN**”), the holder of legal title of the CDIs beneficially owned by the holders of the CDIs, how to vote in advance of the meeting pursuant to the instructions set forth in the accompanying proxy statement.

A proxy statement describing the various matters to be voted upon at the Annual Meeting along with a proxy form enabling shareholders to indicate their vote on each matter and a voting instruction form for holders of CDIs to instruct CDN how to vote on each proposal, will be mailed as soon as practicable to all shareholders and holders of CDIs entitled to vote at the Annual Meeting. Signed proxy forms must be received by Link Market Services, the Company’s share registry, at the address set forth on the proxy form no later than forty-eight (48) hours before the time fixed for the Annual Meeting or presented to the chairman of the Annual Meeting at the time of the Annual Meeting in order for the proxy to be qualified to participate in the Annual Meeting. Signed CDI voting instruction forms must be received by Link Market Services at the address set forth on the CDI voting instruction form no later than seventy-two (72) hours before the time fixed for the Annual Meeting. Shareholders and holders of CDIs wishing to express their position on an agenda item for the Annual Meeting may do so by submitting a written statement to the Company’s office at the above address no later than 12 May 2020.

By Order of the Board of Directors,

Mr Piers Lewis  
Non-Executive Director  
04 May 2020



## PROXY STATEMENT

This proxy statement (“**Proxy Statement**”) is being furnished to the holders of our ordinary shares and holders of our CHESS Depository Interests over ordinary shares (“**CDIs**”) in connection with the Annual Meeting of Shareholders of eSense-Lab Ltd., to be held at Suite 1, 295 Rokeby Road, Subiaco, Australia on 9 June 2020 (the “**Annual Meeting**”, or the “**Meeting**”), at 9.00am Israel time (3.00pm Australian Western Standard Time) and at any adjournment or postponement thereof, pursuant to the accompanying Notice of Annual General Meeting of Shareholders.

**Given the status of the evolving COVID-19 situation and government restrictions on public gatherings in place at the time of the Annual Meeting, the Directors have made a decision that the holders of ordinary shares and CDIs will not be able to attend the Annual Meeting in person.**

**Accordingly, the directors strongly encourage all shareholders to lodge a directed proxy form prior to the Meeting and if you wish to ask the chairperson a question regarding the business of the Meeting. All holders of CDIs are also encouraged to submit your voting instructions to CDN by the provision of a completed CDI voting instruction form to Link Market Services.**

**The Annual Meeting will be accessible to all holders of ordinary shares and CDIs via a live teleconference.**

**Further information on how you can participate in the Annual Meeting is set out in the notice of meeting.**

The agenda of the Annual Meeting will be as follows:

1. To elect each of the directors named in the attached Proxy Statement as a member of the board of directors of the Company (the “**Board**” or the “**Board of Directors**”), to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Company’s Second Amended and Restated Articles of Association (the “**Articles of Association**”) or the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder (together, the “**Israel Companies Law**”).
2. To ratify the election of Mr. James Ellingford, member of our Board of Directors, to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Company’s Second Amended and Restated Articles of Association (the “**Articles of Association**”), ASX Listing Rule 14.4, the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder (together, the “**Israel Companies Law**”).

3. To approve the employment terms of the Company's CEO, Mr. Itzik Mizrahi.
4. To approve the reappointment of BDO Ziv Haft as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019 and until the end of the next annual meeting of shareholders, and to authorize the Board, upon recommendation of the audit committee, to fix the remuneration of said independent registered public accounting firm.
5. To approve the issue of Placement Securities in accordance with ASX Listing Rule 7.1.
6. To approve the issue of Placement Securities to Atlantic Capital Holdings Pty Ltd (an associate of EverBlu Capital) (or its nominee/s) in accordance with ASX Listing Rule 10.11.
7. To approve the issue of Placement Securities to Australasian Share Nominees Pty Ltd (an associate of EverBlu Capital) (or its nominee/s) in accordance with ASX Listing Rule 10.11.
8. To approve the issue of Loan Note Conversion Securities on conversion of the Loan Notes in accordance with ASX Listing Rule 7.1.
9. To approve the issue of the issue of the Lead Manager Securities to EverBlu Capital (or its nominee/s) in accordance with ASX Listing Rule 10.11.
10. To approve the issue of the Loan Repayment Securities to EverBlu Capital (or its nominee/s), to repay the EverBlu Working Capital Loan, in accordance with ASX Listing Rule 10.11.
11. To approve an increase in the number of equity securities that can be issued by the Company during a period of up to 12 months following the Annual Meeting by up to 10% of the outstanding ordinary shares, in accordance with and as calculated under ASX Listing Rule 7.1A. Such approval must be passed as a "special resolution" requiring approval of holders of 75% of the ordinary shares voted in person or by proxy on the matter.
12. To re-adopt the Company's share incentive plan in accordance with ASX Listing Rule 7.2 (Exception 13) on the terms set out in Schedule 1.
13. To report on the business of the Company for the fiscal years ended December 31, 2018, including a review of the fiscal 2018 financial statements.
14. To act upon any other matters that may properly come before the Meeting or any adjournment thereof.

Currently, we are not aware of any other matters that will come before the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons designated as proxies on the proxy forms intend to vote in accordance with their judgment on such matters.

## ABOUT THE ANNUAL MEETING

**Q: When and where is the Annual Meeting of Shareholders being held?**

A: The Annual Meeting will be held on 9 June 2020, at 9.00am Israel time (3.00pm Australian Western Standard Time) at Suite 1, 295 Rokeby Road, Subiaco, Australia.

**Q: Who can attend the Annual Meeting?**

A: In the interests of public health and the safety of our holders of ordinary shares and CDIs, the Company is **not able to allow holders of shares or CDIs to physically attend the Annual Meeting.**

The Annual Meeting will be accessible to all holders of ordinary shares or CDIs via a teleconference, which will allow viewers to listen to the Meeting. Login details for all holders of ordinary shares or CDIs are

Time: Jun 9, 2020 from 02:30 PM WST (Annual General Meeting commences at 3.00 PM WST)

Join Zoom Meeting: <https://us02web.zoom.us/j/5561479138>

Meeting ID: 556 147 9138

Dial by your location

+61 731 853 730 Australia  
+61 861 193 900 Australia  
+61 8 7150 1149 Australia  
+61 2 8015 6011 Australia  
+61 3 7018 2005 Australia  
+972 3 978 6688 Israel  
+972 55 330 1762 Israel

Find your local number: <https://us02web.zoom.us/u/kdNj6LOy6c>

**Q: Who is entitled to vote?**

A: Only holders of ordinary shares at the close of business on 11 May 2020 (the “**Record Date**”) are entitled to vote at the Annual Meeting. Holders of our CDIs cannot vote at the Meeting and if they wish to vote they must direct CDN how to vote in advance of the Annual Meeting by returning their CDI voting instruction form and returning it in the enclosed, prepaid and addressed envelope.

Joint holders of ordinary shares should note that, pursuant to Article 28(d) of the Company’s Articles of Association, the right to vote at the Annual Meeting will be conferred exclusively upon the senior among the joint owners attending the Annual

Meeting, in person or by proxy, and for this purpose, seniority will be determined by the order in which the names appear in the Company's register of shareholders.

## HOW TO VOTE YOUR SHARES

**Q: How do I vote?**

**A:** **Shareholders may vote by mail** by completing your proxy form and returning it in the enclosed, prepaid and addressed envelope. If you return a signed card but do not provide voting instructions, your shares will be voted as set out under the heading 'How will my shares be voted if I do not provide instructions on the proxy form'.

**Holders of our CDIs can vote by directing CDN how to vote** in advance of the Annual Meeting by returning their CDI voting instruction form and returning it in the enclosed, prepaid and addressed envelope.

**Shareholders may vote electronically or by fax** in accordance with the instructions set out in your proxy form or CDI voting instruction form.

**Shareholders may NOT vote in person.** As noted above, in the interests of public health and the safety of our holders of ordinary shares and CDIs, the Company is **not able to allow holders of shares or CDIs to physically attend the Annual Meeting**. Accordingly, shareholders and proxies will not be able to vote at the Annual Meeting in person.

**Q: Can I change my vote or revoke my proxy?**

**A:** **Yes.** You may change your vote or revoke your proxy by no later than forty-eight (48) hours before the time fixed for the Annual Meeting. If you are a shareholder, you may do this by lodging a written notice of revocation or a new proxy form with Link Market Services, the Company's Share Registry. If you are a holder of CDIs, you may change your voting instructions prior to the vote at the Annual Meeting by lodging a new CDI voting instruction form with Link Market Services by no later than seventy-two (72) hours before the time fixed for the Annual Meeting.

As noted above, in the interests of public health and the safety of our holders of ordinary shares and CDIs, the Company is **not able to allow holders of shares or CDIs to physically attend the Annual Meeting**. Accordingly, shareholders will not be able to change their vote or revoke their proxy by attending the Annual Meeting in person.

**Q: How are my votes cast when I submit a proxy vote or, if I am a holder of CDIs, when I submit my voting instructions to CDN?**

**A:** If you are a shareholder, when you submit a proxy vote you appoint the chairperson at the meeting (expected to be Mr. Piers Lewis) as your representative at the Annual Meeting unless you appoint someone else to serve as your proxy. **Given the status of the evolving COVID-19 situation and government restrictions on public gatherings in place at the**

**time of the Annual Meeting, shareholders are urged to appoint the chairperson of the Annual Meeting as their Proxy.**

Your shares will be voted at the Annual Meeting as you have instructed. Upon the receipt of a properly submitted proxy form, which is received in time (by 3.00pm AWST (Link Market Services Limited, forty-eight (48) hours prior to the Annual Meeting) and not revoked prior to the Annual Meeting or presented to the chairperson at the Annual Meeting, the persons named as proxies will vote the ordinary shares represented thereby at the Annual Meeting in accordance with the instructions indicated on the proxy form.

Please submit all proxy forms to:

By Post: eSense Lab Ltd  
c/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

By Facsimile: +61 2 9287 0309

By Hand: Link Market Services Limited  
1A Homebush Bay Drive  
RHODES NSW 2138

Website: lodge online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), instructions as follows

Select 'Investor Login' and in the "Single Holding" section enter eSense Lab Ltd or the ASX code ESE in the Issuer name field, your Security Reference Number ("SRN") or Holder Identification Number ("HIN") (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

If you are a holder of CDIs, your votes are effectively 'cast' when you submit your voting instructions to CDN by the provision of a completed CDI voting instruction form to Link Market Services, which will direct CDN how to vote the ordinary shares underlying the CDIs held by you.

**Q: What does it mean if I receive more than one proxy form or CDI voting instruction form?**

A: It means that you have multiple accounts at the transfer agent or with brokers. Please sign and return all proxy forms and CDI voting instruction forms to ensure that all of your shares are voted.

## **ABOUT THE VOTING PROCEDURE AT THE ANNUAL GENERAL MEETING**

**Q: What constitutes a quorum?**

A: To conduct business at the Annual Meeting, two or more shareholders must be present (including in person, by virtual means or by proxy) representing not less than 25% of the ordinary shares outstanding (including outstanding shares underlying CDIs) as of the Record Date, that is, a quorum.

Ordinary shares represented in person or by proxy (including shares representing CDIs that are voted by CDN), as well broker non-votes and shares that abstain or do not vote with respect to one or more of the matters to be voted upon will be counted for purposes of determining whether a quorum exists. “Broker non-votes” are shares held in a street name by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote because the nominee does not have discretionary voting power with respect to a particular matter and has not received instructions from the beneficial owner on that particular matter. On all matters considered at the Annual Meeting, abstentions and broker non-votes will be treated as neither a vote “for” nor “against” the matter, although they will be counted as present in determining if a quorum is present.

**Q: What happens if a quorum is not present?**

A: If a quorum is not present, the Annual Meeting will be adjourned to the same day at the same time the following week.

**Q: How will votes be counted?**

A: Each outstanding ordinary share (including each ordinary share underlying a CDI) is entitled to one vote. The Company’s Articles of Association do not provide for cumulative voting.

**Q: What vote is required to approve each proposal presented at the Annual Meeting?**

A: Each of Proposal 1 (election of each of the directors named in this Proxy Statement), Proposal 4 (approve the appointment of BDO Ziv Haft as the Company’s independent registered public accounting firm), Proposal 5 (issue of Placement Securities), Proposals 6 and 7 (issue of Placement Securities to entities associated with EverBlu Capital), Proposal 8 (issue of Loan Note Conversion Securities on conversion of Loan Notes), Proposal 9 (issue of Lead Manager Securities to EverBlu Capital), Proposal 10 (issue of Loan Repayment Securities to repay the EverBlu Loan) and Proposal 12 (the re-approval of the Company’s Share Incentive Plan) require that a simple majority of the ordinary shares of the Company voted in person or by proxy at the Annual Meeting on the matter presented for passage be voted “FOR” the adoption of the Proposal.

Proposal 3 (approval of CEO terms of employment) require in addition to the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by

proxy or voting instruction card at the Annual General Meeting on the proposal, that either: (1) a simple majority of shares voted at the Annual General Meeting, *excluding* the shares of Controlling Shareholders and of shareholders who have a personal interest in the appointment (but with respect to Proposal 2 - other than a personal interest that does not result from the shareholder's relationship with a Controlling Shareholder), be voted "FOR" these proposed resolutions, or (2) the total number of shares of non-Controlling Shareholders and of shareholders who do not have a personal interest in the resolution (and with respect to Proposal 2 - excluding a personal interest that is not a result of the shareholder's relationship with a Controlling Shareholder) voted against the election of the external director does not exceed two percent of the outstanding voting power in the Company.

Proposal 11 (to approve an increase in the number of equity securities that can be issued by the Company) requires approval of holders of 75% of the ordinary shares voted in person or by proxy at the Annual Meeting on the matter.

On all matters considered at the Annual Meeting, abstentions and broker non-votes will not be treated as either a vote "FOR" or "AGAINST" the matter.

**Q: How will my shares be voted if I do not provide instructions on the proxy form?**

A: If you are the record holder of your shares and do not specify on your proxy form how you want to vote your shares, your shares will be voted 'FOR' each of the proposed resolutions to be considered at the Annual Meeting.

## **POSITION STATEMENTS AND QUESTIONS**

**Q: Can a shareholder express an opinion on a Proposal or ask a question prior to the Annual Meeting?**

A: Shareholders and holders of CDIs wishing to express their position on an agenda item for the Annual Meeting or ask a question may do so by submitting their written statement or question:

(a) by email to [piers@smallcapcorporate.com.au](mailto:piers@smallcapcorporate.com.au); or

(b) by mail to Suite 1, 295 Rokeby Road, Subiaco, WA 6008, Australia,

no later than 12 May 2020.

Position statements and questions must be in English and otherwise must comply with applicable law. We will make publicly available any valid position statement that we receive.

## **HOW TO FIND VOTING RESULTS**

**Q: Where do I find the voting results of the Annual Meeting?**

A: The Company will announce the results of the Annual Meeting by an ASX announcement available on the ASX market announcements platform following the conclusion of the meeting, in accordance with the requirements of ASX Listing Rule 3.13.2.

## CORPORATE GOVERNANCE

Following the Annual Meeting, assuming the election of the directors under Proposal 1, our Board will consist of 4 directors.

Our Articles of Association provide that our Board may consist of at least four and up to eight directors (including two external directors). Our directors, other than our external directors, are elected at each annual meeting of shareholders.

The names and the particulars of the current members of our Board of Directors are as follows:

<b>Name</b>	<b>Position</b>	<b>Date Appointed</b>
Mr. Benjamin Karasik	Non-Executive Director	8 February 2018
Mr. Piers Lewis	Non-Executive Director	30 November 2018
Mr. Amit Edri	Non-Executive Director	30 November 2018
Mr. James Ellingford	Non-Executive Chairman	13 January 2020 (subject to ratification under Proposal 2)

The number of formal meetings of the Board held during the year ended December 31, 2019, and the number of meetings attended by each director was as follows:

	<b>DIRECTORS' MEETINGS</b>	
<b>Name of Director</b>	<b>Number Eligible to Attend</b>	<b>Number Attended</b>
Benjamin Karasik	13	13
Piers Lewis	13	13
Amit Edri	13	13
Mr. James Ellingford	-	-

Biographical information concerning the other individuals up for election at the Annual Meeting, is set forth below in "Proposal 1 Election of Directors".

## MATTERS SUBMITTED TO SHAREHOLDERS

### PROPOSAL 1

#### RE-ELECTION OF DIRECTORS

At the Meeting, shareholders will be asked to vote on the re-election of the following nominees to the Board of Directors all of whom are recommended by the Board of Directors: each of Benjamin Karasik, Piers Lewis and Amit Edri.

A brief biography of each nominee recommended by the Board of Directors is set forth below:

*Piers Lewis (Director).* Mr Lewis has over 20 years' corporate experience in finance, banking, management and M&A in the resources, banking and technology sectors in Australia, Asia and Europe. He currently serves on the board of Dawine Limited (ASX:DW8) and Cycliq Group (ASX:CYQ), and is Company Secretary for Grange Resources (ASX:GRR) and Ultima United (ASX: UUL). In 2011, Mr Lewis founded Smallcap Corporate, a corporate advisory services company providing service to more than a dozen listed and unlisted clients. He has completed a Bachelor of Commerce degree at the University of Western Australia and qualified as a Chartered Accountant from Deloitte in 2001 and is a member of the Chartered Secretaries of Australia.

*Benjamin Karasik (Director).* Mr. Karasik is one of the founders of the Company and is currently one of the largest shareholders in the Company. He has over 40 years' experience in business development in many segments and industries across the world and has been a founder of more than 20 start-ups, including J&B Optical Company Inc., Karasik Developers Company Inc. and GK Vector Company Inc. Mr. Karasik was appointed as a member of the Company's Board of Directors on February 8, 2018.

*Amit Edri (Director).* Mr Edri has extensive experience in the medicinal cannabis industry, having served as an Independent consultant for several International medical cannabis companies. Consulting on business development, investment opportunities, and strategy. Amit was the COO of a large-scale medical cannabis processor in Israel. In 2013 he built a medical cannabis Vaporizers company from scratch, as the founder of this own company, he drove the strategic initiatives of a start-up; fused the business, financial, and technology interests of the company into cohesive operations and led the business through market unpredictability, cutthroat competition, and economic turmoil. Amit also had a unique career in the Israeli military, gaining the rank of Major with the Israeli Special Air Force Unit.

#### **Proposed Resolutions**

You are requested to adopt the following resolutions:

- “1.a. RESOLVED, that Benjamin Karasik be re-elected to the Board of Directors of the Company, effective immediately, until the next annual general meeting of the Company and until his successor is duly elected or until his office is vacated in accordance with clause

35(a) of the Company's Articles of Association of the Israel Companies Law, 5759-1999 and for all other purposes";

"1.b. RESOLVED, that Piers Lewis be re-elected to the Board of Directors of the Company, effective immediately, until the next annual general meeting of the Company and until his successor is duly elected or until his office is vacated in accordance with clause 35(a) of the Company's Articles of Association of the Israel Companies Law, 5759-1999, ASX Listing Rule 14.4 and for all other purposes";

"1.c. RESOLVED, that Amit Edri be re-elected to the Board of Directors of the Company, effective immediately, until the next annual general meeting of the Company and until his successor is duly elected or until his office is vacated in accordance with clause 35(a) of the Company's Articles of Association of the Israel Companies Law, 5759-1999, ASX Listing Rule 14.4 and for all other purposes".

The majority of the Board of Directors has recommended that the shareholders vote **IN FAVOUR OF** resolutions 1.a, 1.b, and 1.c.

### **Vote Required**

Approval of each of the resolutions set forth above requires the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by proxy or voting instruction card at the Annual Meeting on the resolution.

## **PROPOSAL 2**

### **RATIFICATION OF ELECTION OF DIRECTOR**

At the Meeting, shareholders will be asked to vote on the ratification of Dr James Ellingford as a nominee to the Board of Directors of whom is recommended by the Board of Directors:

Dr James Ellingford was appointed to our Board of Directors effective January 13, 2020. The Companies Law requires that our shareholders ratify the election of Dr. Ellingford as a director. It is proposed that our current shareholders ratify the election of Dr. Ellingford as director until the next annual general meeting of the Company and until his successor is duly elected or until his office is vacated in accordance with clause 35(a) of the Company's Articles of Association of the Israel Companies Law, 5759-1999, ASX Listing Rule 14.4 and for all other purposes.

A brief biography of each nominee recommended by the Board of Directors is set forth below:

Dr Ellingford previously served as International President of a multi-billion dollar NASDAQ software business Take-Two Interactive Software with its headquarters in Geneva and New York. He has vast international experience in the software industry and has close ties with financial institutions and governments throughout the world. He is considered an expert in the areas of collaboration of media and digital assets, data sharing and corporate communications to enable workflow acceleration and has close ties with large US based corporates who dominate this space. Dr Ellingford holds a Postgraduate in Corporate Management, Master's in Business

Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in Corporate Governance, ethics and marketing at a leading Sydney University which are areas he has a keen interest in.

### **Proposed Resolution**

You are requested to adopt the following resolution:

“2. RESOLVED, that Dr. James Ellingford be elected as a director, until the next annual general meeting of the Company and until his successor is duly elected or until his office is vacated in accordance with clause 35(a) of the Company’s Articles of Association of the Israel Companies Law, 5759-1999, ASX Listing Rule 14.4 and for all other purpose; and

### **Vote Required**

Approval of the resolution set forth above requires the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by proxy or voting instruction card at the Annual Meeting on the resolution.

## **PROPOSAL 3**

### **APPROVAL OF COMPANY’S CEO EMPLOYMENT TERM**

On 6 March 2020 the Company’s Board of Directors has appointed Mr. Itzik Mizrahi (the “CEO”) to serve as Company’s CEO. Under Israel Companies Law, the employment terms of the CEO of a public company, such as us, are required to be approved by company’s compensation committee, board of directors and general meeting of shareholders (by a special majority as specified herein below). The Company’s Compensation Committee and Board of Directors have approved the CEO employment terms on 6 March 2020.

The CEO employment terms which were so approved by the Compensation Committee and Board of Directors, and which are hereby being brought to the shareholders’ General Meeting approval, are as follows (“**CEO Employment Terms**”):

The CEO is employed by the Company in a position of a CEO in a full position (at least 42 regular working hours per week). The CEO shall be entitled to a monthly salary of NIS 45,000 (gross), certain acceptable social benefits such as severance contribution, pension compensation study funds and recreation pay, 25 business days’ vacation a year, Company’s car to be leased by the Company for the CEO in a monthly amount of up to NIS 6,500 + VAT, cellular phone in a monthly amount of up to NIS 250, plus work related travel abroad cellular packages. The fix component of the CEO Employment Terms shall not exceed an annual amount of NIS 540,000. The salary may be reviewed every six months during the first year of employment and thereafter, without any obligation for an increase.

The Company will reimburse the CEO for all reasonable out-of-pocket business expenses exclusively and properly incurred by him relating directly to performance of his duties.

In addition, the CEO shall be entitled to an annual bonus which shall be equal to 1.5% of Company's Net Sales in each fiscal year (the "**Bonus**").

For purposes hereof, "**Net Sales**" shall mean the amount of revenues that the Company actually receives from its customers in consideration of the sale or licensing of its services and/or products, less any returns, all pursuant to Company's financial statements and as recognized by the applicable accounting standards.

In the event of an accounting restatement, the Company shall be entitled to recover from the CEO's Bonus the amount of the excess of the Bonus that was paid over the amount of the Bonus that would have been paid under the accounting restatement, with a two year look-back. Notwithstanding the aforesaid, the Bonus recovery will not be triggered in the event of a financial restatement required due to changes in the applicable financial reporting standards.

The CEO shall also be entitled to equity based compensation as follows: (1) 2 Million restricted Company's ordinary shares NIS 0.01 par value each ("**Ordinary Shares**"), granted only after the end of three months of the employment, with a lock-up period of 24 months of issuance; (2) 2 Million restricted Ordinary Shares, granted only after, and subject to Company's annual Sales exceeding AUD 2.5 Million and with a lock-up period of 24 months of issuance ; and (3) 2 Million restricted Ordinary Shares, granted only after, and subject to Company's annual sales exceeding AUD 5.0 Million and with a lock-up period of 24 months of issuance.

The agreement with the CEO may be terminated by either party subject to the delivery of a prior written notice by the terminating party of 90 days.

Note that the CEO Employment Terms deviates from the Company's compensation policy, *inter alia*, due to the cash bonus formula, required vesting period for the equity based compensation, and the number of vacation days. The Compensation Committee and Board of Directors have nonetheless approved the CEO Employment Terms, while considering said deviation from the compensation policy, taking into account the advancement of Company's purposes, its work plan and policies, creating appropriate incentives to the CEO considering the Company's risk management policy, the scope and nature of Company's business, and considering the CEO's potential contribution to Company's goals and profit making all in a long-term foresight.

A brief biography of the CEO is set out below:

Mr Mizrahi has vast experience in global Pharmaceutical companies, including more than 20 years of managerial experience. His educational qualifications include an International Executive MBA from Haifa University and a BSc Medical Science (Dean Award) from The Hebrew University in Jerusalem and MD, Hadassah Faculty of Medicine from The Hebrew University in Jerusalem. Mr. Mizrahi has concluded several courses in the field of medical cannabis: Medical Cannabis, MOH in the Hebrew University in Jerusalem; CGP – Train the Trainer course; High Performance Leadership Program at the IMD Business School; Merck Marketing in Practice Program.

Mr. Mizrahi spent three years at Pfizer Pharmaceutical Israel as head of Clinical Department, responsible for all business, financial and regulatory management, followed by two years in MSD Israel as a Medical Manager responsible for a variety of fields such as medical marketing support,

management of local clinical studies as well as the initiation of new studies, and phrasing medical protocols; he then moved to Actelion Pharmaceuticals Israel where he first served as the managing Director and Head of clinical operations/Medical support for a period of 6 years. Later on, and in parallel, he became the Regional Operations Director for Actelion Pharmaceuticals Israel, Turkey and Greece, a position where he was fully accountable for all the company's clinical departments outside of Israel. He was later promoted to the position of Country Manager for Actelion Pharmaceuticals Israel, a position in which he was responsible for all commercial activities of the Company which included securing, marketing, sales, regulatory activities and National Health Basket Approvals of all Company compounds successfully. Mr Mizrahi held this position for five years until the global company was purchased by JNJ.

### **Proposed Resolution**

You are requested to adopt the following resolution:

“3. RESOLVED, to approve the CEO Employment Terms as specified in the Notice of Meeting.

### **Vote Required**

Approval of the resolution set forth above requires, in addition to the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by proxy or voting instruction card at the Annual General Meeting on the Proposal, that either: (1) a simple majority of shares voted at the Annual General Meeting, *excluding* the shares of Controlling Shareholders and of shareholders who have a personal interest in the approval of the CEO Employment Terms, be voted “FOR” these proposed resolutions, or (2) the total number of shares of non-Controlling Shareholders and of shareholders who do not have a personal interest in the resolution voted against the approval of the CEO Employment Term, does not exceed two percent of the outstanding voting power in the Company.

## **PROPOSAL 4**

### **REAPPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

#### **Background**

BDO Ziv Haft served as our independent registered public accounting firm for the fiscal year ended December 31, 2018. At the Annual Meeting, shareholders will be asked to approve the reappointment of BDO Ziv Haft as our independent registered public accounting firm for the year ending December 31, 2019 and until the next annual meeting of shareholders and to authorize the Board, upon the recommendation of the audit committee, to fix the remuneration of the independent registered public accounting firm in accordance with the volume and nature of its services.

## **Proposed Resolution**

You are requested to adopt the following resolution:

“4. RESOLVED, that the reappointment of BDO Ziv Haft as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 and until the next annual meeting of shareholders be approved, and that the Board, upon recommendation of the audit committee, be authorized to fix the remuneration of said independent registered public accounting firm in accordance with the volume and nature of their services.”

## **Vote Required**

The affirmative vote of the holders of a majority of the voting power represented at the Annual Meeting in person or by proxy and voting thereon is required to adopt this resolution.

## **BACKGROUND TO PROPOSALS 5 TO 9 (INCLUSIVE)**

As announced on 14 April 2020, the Company has completed a \$1.145 million (before costs) capital raising comprising:

- (a) \$250,000 through the issue of unsecured Loan Notes (“**Loan Notes**”) to sophisticated investors (“**Noteholders**”) on 14 April 2020; and
- (b) a conditional placement to sophisticated investors (the “**Placement Participants**”) to raise an additional \$895,000 (conditional on shareholder approval),

(together, the “**Capital Raising**”).

## **Loan Notes**

The Loan Notes have a face value of \$0.01 each with a coupon rate of 12% per annum and a maturity date of 1 September 2020 (which may be extended to 1 December 2020 as outlined below) (“**Maturity Date**”).

Subject to shareholders passing Proposal 8:

- (a) each Loan Note will convert into one CDI at a conversion price of \$0.004 per CDI on the Maturity Date; and
- (b) each Noteholder will also receive one free attaching unlisted option (“**Option**”) for every two CDIs that are issued to the Noteholder on conversion. The Options will be exercisable at \$0.01 each and expire 18 months after their date of issue and will be issued upon conversion of the Loan Notes.

If shareholders do not approve the conversion of the Loan Notes into CDIs and the issue of the attaching Options:

- (a) the Loan Notes will be repayable in cash; and
- (b) the Maturity Date will be extended to 1 December 2020.

Interest on the Loan Notes is payable in cash on conversion or repayment.

Refer to Proposal 8 for further detail.

### **Placement**

The Company has received firm commitments from the Placement Participants for \$895,000 (before costs) through a conditional placement of CDIs at an issue price of \$0.04 per CDI (“**Placement**”).

Each Placement Participant will also receive one (1) free attaching unlisted Option for every 2 CDIs subscribed for and issued to the Placement Participant under the Placement. The Options will be on the same terms as the Options being issued on conversion of the Loan Notes.

Settlement of the Placement through the issue of the CDIs and the Options is subject to and conditional on shareholders passing Proposal 5.

If shareholders do not pass Proposal 5, the Placement will not proceed.

Refer to Proposal 5 for further detail.

ASX has advised that it considers that the relationship of certain Placement Participants with the Company is such that ASX considers that the issue of Placement Securities to those Placement Participants must be approved by shareholders under ASX Listing Rule 10.11. Refer to Proposals 6 and 7 for further detail. If shareholders do not pass Proposals 6 and 7, the issue of Placement Securities to the relevant Placement Participants will not proceed.

### **Use of funds and structure of Capital Raising**

Proceeds from the issue of the Loan Notes and the Placement will be used by the Company to fund the following:

- (a) research and development on the use of the Company’s terpenes development technology into cosmetics, health and other sectors;

- (b) business development and scoping further opportunities for the Company – the Company has recently appointed a business development executive to work with the company’s new CEO, whose role includes:
  - (i) working with the CEO to deliver to the Board an updated business plan for the company (to be updated to the market once finalised); and
  - (ii) business development activities in relation to global sales for the Company’s existing products and market research for new terpenes related products in development; and
- (c) general working capital purposes (including wages and administration costs and costs of the Capital Raising).

The Company notes that it considered other structures for raising capital. However, it was considered that the Loan Note offer together with the conditional Placement was the most appropriate structure for the company to use to raise capital at this point in time.

The Company considered that a pro rata rights issue was not the appropriate structure because:

- (a) the Company did not consider that an underwriter would be available on reasonable terms given prevailing market conditions, and a non-underwritten rights issue would not provide the Company with sufficient certainty as to the amount it could raise; and
- (b) the Company considered that, given its cash balance and short term cash flow requirements, the time and cost involved in a pro rata rights issue made this an unsuitable capital raising structure for the Company at this time.

The Loan Note component was required to ensure that the Company had sufficient available cash to meet its short term cash flow requirements pending shareholder approval of the Placement at the Annual Meeting. Also, the Company’s available placement capacity (including that the Company’s approval under ASX Listing Rule 7.1A had lapsed) meant that the Loan Notes structure had to be preferred over a placement to meet the Company’s cash flow requirements, as the Company’s available capacity would not have enabled it to raise sufficient funds through a placement to provide an appropriate buffer of available cash up until the Meeting.

### **Fees payable in relation to the Capital Raising**

EverBlu acted as the Lead Manager to the Loan Note and Placement offers. Under the terms of its mandate, EverBlu will be paid the following fees in relation to the issue of the Loan Notes and the Placement (subject to shareholders passing Proposal 9): 15,000,000 CDIs (“**Lead Manager CDIs**”) and 40,000,000 unlisted Options on the same terms as the Options to be issued on conversion of the Loan Notes and under the Placement (“**Lead Manager Options**” and, together with the Lead Manager CDIs, the “**Lead Manager Securities**”).

Refer to Proposal 9 for further detail.

## **PROPOSAL 5**

### **ISSUE OF PLACEMENT SECURITIES**

#### **General**

As set out above, the Company has received firm commitments for \$895,000 (before costs) under the Placement. Subject to prior shareholder approval, the Company will issue the following securities to the Placement Participants under the Placement:

- (a) 223,750,000 CDIs to the Placement Participants at an issue price of \$0.004 per CDI (“**Placement CDIs**”); and
- (b) a total of 111,875,000 free attaching Options, being one free attaching Option for every two Placement CDIs subscribed for and issued (rounded up for fractional entitlements) (“**Placement Options**”),

(together, the “**Placement Securities**”).

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Placement Securities does not fit within any of these exceptions and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of shareholders under ASX Listing Rule 7.1.

As noted above, ASX has advised that it considers that the relationship of certain Placement Participants with the Company is such that ASX considers that the issue of Placement Securities to those Placement Participants must be approved by shareholders under ASX Listing Rule 10.11. Refer to Proposals 6 and 7 for further detail.

#### **Technical information required by ASX Listing Rule 14.1A**

If Proposal 5 is passed, the Company will be able to proceed with the issue of the Placement Securities. In addition, the issue of the Placement Securities will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under ASX Listing Rule 7.1.

If Proposal 5 is not passed, the Company will not be able to proceed with the issue of the Placement Securities and the Placement will not proceed, and the Company will need to seek to raise other funding to fund the activities to be funded using the Placement funds, including to meet its ongoing working capital requirements.

Proposal 5 seeks shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Placement Securities.

## Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Proposal 5:

- (a) the Placement Securities will be issued to the Placement Participants (or their respective nominee/s), who are sophisticated investors identified by EverBlu as Lead Manager to the Placement through a bookbuild process, which involved EverBlu seeking expressions of interest to participate in the Placement. None of the Placement Participants (or their respective nominee/s) are related parties of the Company. However, as noted above, ASX has advised that it considers that the relationship of certain Placement Participants with the Company is such that ASX considers that the issue of Placement Securities to those Placement Participants must be approved by shareholders under ASX Listing Rule 10.11. Refer to Proposals 6 and 7 for further detail;
- (b) the maximum number of Placement CDIs to be issued is 223,750,000 and the maximum number of Placement Options to be issued is equal to 50% of the number of Placement CDIs to be issued (rounded up for fractional entitlements) (being approximately 111,875,000 Placement Options if the maximum number of Placement CDIs is issued) as the Placement Options will be issued as free attaching options with Placement Participants received one free attaching Placement Options for every two Placement CDIs subscribed and issued;
- (c) the Placement CDIs will be issued on the same terms and conditions as the Company's existing CDIs;
- (d) the Placement Options will be exercisable at \$0.01 each and expire 18 months after their date of issue, and otherwise issued on the terms and conditions set out in Schedule 2;
- (e) the Placement Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Placement Securities will occur on the same date;
- (f) the issue price of the Placement CDIs will be \$0.004 each, and there is no issue price for the Placement Options as they are being issued as free attaching options as noted above. The Company will not receive any other consideration for the issue of the Placement Securities (other than in respect of funds received on exercise of the Placement Options);
- (g) the purpose of the issue of the Placement Securities is to raise up to \$895,000 (before costs), which the Company intends to apply towards funding research and development, business development, scoping further opportunities for the Company and general working capital purposes (see above under the heading "Use of funds and structure of Capital Raising" for further details);
- (h) the Placement Securities are being issued under firm commitment letters signed by each of the Placement Participants, the material terms of which are summarised above (being the terms of the Placement);

- (i) the Placement Securities are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included in Proposal 5 of the Notice below.

### **Proposed Resolution**

You are requested to adopt the following resolution:

“5. RESOLVED that, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 223,750,000 Placement CDIs and 111,875,000 Placement Options to the Placement Participants (or their respective nominee/s) notes on the terms and conditions set out in the Explanatory Statement.”

### **Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Vote Required**

The affirmative vote of the holders of a majority of the voting power represented at the Annual Meeting in person or by proxy and voting thereon is required to adopt this resolution.

## **PROPOSALS 6 AND 7**

### **ISSUE OF PLACEMENT SECURITIES TO LISTING RULE 10.11 PARTIES**

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

ASX has advised the Company of ASX's opinion that, given the relationship between the Company's Chairman Dr James Ellingford and EverBlu Capital, the issue of any securities by the Company to EverBlu Capital or any of its associates will require shareholder approval under ASX Listing Rule 10.11.5 (which is set out at paragraph (e) above).

Each of the Company, Mr Ellingford and EverBlu Capital disagree with ASX's stance in relation to the connection between Mr Ellingford and EverBlu Capital, including the effect under ASX Listing Rule 10.11.5. Mr Ellingford has not been appointed to the Board as a nominee of EverBlu Capital. Mr Ellingford has confirmed to the Company that he is not employed by EverBlu Capital, and he does not receive any financial or other benefit from EverBlu Capital in relation to his role as a Director of the Company or otherwise that would affect his independence as a Director of the Company or his ability to discharge his duties as a Director of the Company.

Nevertheless, the Company is required under the ASX Listing Rules to comply with ASX's direction in this regard.

The following Placement Participants have also been determined by ASX to trigger Listing Rule 10.11.5 (each a "**Listing Rule 10.11 Party**"):

- (a) Atlantic Capital Holdings Pty Ltd (a company controlled by Mr Adam Blumenthal, who is the Chairman of EverBlu Capital); and

- (b) Australasian Share Nominees Pty Ltd (a company controlled by Mr Adam Blumenthal).

Proposals 6 and 7 seek shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of up to 56,250,000 of the Placement CDIs (the “**Relevant Placement CDIs**”) and up to 28,125,000 of the Placement Options (the “**Relevant Placement Options**”) to those Placement Participants, comprising:

- (a) up to 31,250,000 Placement CDIs and up to 15,625,000 Placement Options to Atlantic Capital Holdings Pty Ltd; and
- (b) up to 25,000,000 Placement CDIs and up to 12,500,000 Placement Options to Australasian Share Nominees Pty Ltd,

or their respective nominee/s (together, “**Relevant Placement Securities**”).

#### **Technical Information required by ASX Listing Rule 14.1A**

If Proposals 6 and 7 are not passed, the Company will not be able to proceed with the issue of the Relevant Placement Securities to the Listing Rule 10.11 Parties and the Company will not receive the subscription funding committed by the Listing Rule 10.11 Parties under the Placement.

If Proposals 6 and 7 are passed, the Company will be able to issue the Relevant Placement Securities to the Listing Rule 10.11 Parties (or their respective nominee/s) during the month after the Meeting (or a longer period, if allowed by ASX).

#### **Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Relevant Placement Securities to the Listing Rule 10.11 Parties (or their respective nominee/s):

- (a) the Relevant Placement Securities will be issued to the Listing Rule 10.11 Parties (or their respective nominee/s). The reasons why shareholder approval is required under Listing Rule 10.11.5 are set out above;
- (b) a maximum of 56,250,000 of the Placement CDIs will be issued and a maximum of 28,125,000 of the Placement Options will be issued to the Listing Rule 10.11 Parties (or their respective nominee/s), comprising:
  - (i) up to 31,250,000 Placement CDIs and up to 15,625,000 Placement Options to Atlantic Capital Holdings Pty Ltd; and
  - (ii) up to 25,000,000 Placement CDIs and up to 12,500,000 Placement Options to Australasian Share Nominees Pty Ltd;
- (c) the Relevant Placement CDIs will be issued on the same terms and conditions as the other Placement CDIs and the Company’s existing CDIs and the Relevant Placement Options

will be issued on the same terms and conditions as the other Placement Options (being exercisable at \$0.01 each and expiring 18 months after their date of issue, and otherwise issued on the terms and conditions set out in Schedule 2);

- (d) the Relevant Placement Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that all of the Relevant Placement Securities will be issued on the same date (expected to be the same date as the other Placement Securities are issued);
- (e) the issue price of the Relevant Placement CDIs will be \$0.004 each, and there is no issue price for the Relevant Placement Options as they are being issued as free attaching options as noted above. The Company will not receive any other consideration for the issue of the Placement Securities (other than in respect of funds received on exercise of the Placement Options);
- (f) the purpose of the issue of the Placement Securities (including the Relevant Placement Securities) is to raise up to \$895,000 (before costs), which the Company intends to apply towards funding research and development, business development, scoping further opportunities for the Company and general working capital purposes (see above under the heading “Use of funds and structure of Capital Raising” for further details);
- (g) the issue of the Relevant Placement Securities to the Listing Rule 10.11 Parties is not intended to remunerate or incentivise a Director;
- (h) the Relevant Placement Securities are being issued under firm commitment letters signed by each of the Listing Rule 10.11 Parties, the material terms of which are summarised above (being the terms of the Placement); and
- (i) a voting exclusion statement is included in Proposals 6 and 7 of the Notice.

## **Proposed Resolutions**

You are requested to adopt the following resolutions:

“6. RESOLVED that, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 6,250,000 Placement CDIs and up to 3,125,000 Placement Options to Atlantic Capital Holdings Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

“7. RESOLVED that, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Placement CDIs and up to 12,500,000 Placement Options to Australasian Share Nominees Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

## **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of each of the above Resolutions by or on behalf of the relevant Listing Rule 10.11 Party (and its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Vote Required**

Proposals 6 and 7 require the affirmative vote of the holders of a majority of the voting power represented at the Annual Meeting in person or by proxy and voting thereon is required to adopt this resolution.

## **PROPOSAL 8**

### **ISSUE OF SECURITIES ON CONVERSION OF LOAN NOTES**

#### **Background**

As set out above, the Company has raised \$250,000 (before costs) through the issue of the Loan Notes to the Noteholders on 14 April 2020. The Loan Notes have a face value of \$0.01 each with a coupon rate of 12% per annum and a maturity date of 1 September 2020 (which may be extended to 1 December 2020 as outlined below) (“**Maturity Date**”).

Subject to shareholders passing this Proposal 8:

- (a) the Loan Notes will convert into a total of 62,500,000 CDIs (the “**Conversion CDIs**”) at a conversion price of \$0.004 per CDI on the Maturity Date; and
- (b) the Noteholders will also receive a total of 31,250,000 free attaching Options (the “**Conversion Options**”), being one free attaching unlisted Option for every two CDIs that are issued to the Noteholders on conversion. The Conversion Options will be exercisable at \$0.01 each and expire 18 months after their date of issue and will be issued upon conversion of the Loan Notes (the same terms as the Options to be issued under the Placement),

(together, the “**Conversion Securities**”).

The Loan Notes were issued to the following Noteholders:

<b>Note holder</b>	<b>Funds received \$</b>	<b>Conversion CDIs entitlement</b>	<b>Conversion Options entitlement</b>
CHIFLEY PORTFOLIOS PTY LTD	200,000	50,000,000	25,000,000
DAVID HANNON	50,000	12,500,000	6,250,000
<b>TOTAL</b>	<b>250,000</b>	<b>62,500,000</b>	<b>31,250,000</b>

#### **General**

Proposal 8 seeks shareholder approval under and for the purposes of ASX Listing Rule 7.1 for the issue of the Conversion Securities on conversion of the Loan Notes.

The full terms and conditions of the Conversion Options are set out in Schedule 2.

## **ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Proposal 5 above.

The issue of the Conversion Securities does not fit within any of the applicable exceptions under ASX Listing Rule 7.1 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of shareholders under ASX Listing Rule 7.1.

### **Technical Information required by ASX Listing Rule 14.1A**

If Proposal 8 is not passed, the Company will not be able to proceed with the issue of the Conversion Securities, meaning that:

- (a) the Loan Notes will be repayable in cash; and
- (b) the Maturity Date will be extended to 1 December 2020.

If Proposal 8 is passed, the Company will be able to repay the principal amount of the Loan Notes by issuing the Conversion Securities on the Maturity Date, without using the Company's 15% annual placement capacity.

Proposal 8 seeks shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Conversion Securities.

### **Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Proposal 8:

- (a) the maximum number of:
  - (i) Conversion CDIs to be issued is 62,500,000; and
  - (ii) Conversion Options to be issued is 31,750,000;
- (b) the Conversion Securities will be issued to the Noteholders set out above (or their respective nominee/s), none of whom is a related party of the Company;
- (c) the Conversion Securities will be issued on the Maturity Date and it is intended that issue of all Conversion Securities will occur on the same date;
- (d) the Conversion CDIs will be issued at a conversion price equal to \$0.004 per CDI to repay the principal amount of the Loan Notes, and there is no issue price for the Conversion Options as they will be issued as free attaching options as noted above. The Company will not receive any other consideration for the issue of the Conversion Securities (other than in respect of funds received on exercise of the Options);
- (e) the Conversion CDIs issued will be issued on the same terms and conditions as the Company's existing CDIs;

- (f) the Conversion Options will be exercisable at \$0.01 each and expire 18 months after their date of issue, and otherwise issued on the terms and conditions set out in Schedule 2;
- (g) no funds will be raised through the issue of Conversion Securities as they are being issued upon conversion of the Loan Notes. The Company is applying the funds raised through the issue of the Loan Notes for the purposes outlined above, being apply towards funding research and development, business development, scoping further opportunities for the Company and general working capital purposes (see above under the heading “Use of funds and structure of Capital Raising” for further details);
- (h) the Conversion Securities will be issued pursuant to Loan Note subscription agreements entered into by each of the Noteholders with the Company, the material terms of which are summarised above;
- (i) the Conversion Securities are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included in Proposal 8 of the Notice.

### **Proposed Resolution**

You are requested to adopt the following resolution:

“8. RESOLVED that, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 62,500,000 Conversion CDIs and 31,750,000 Conversion Options upon conversion of the Loan Notes on the terms and conditions set out in the Explanatory Statement.”

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Noteholder and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons)

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Vote Required**

Approval of the resolution set forth above requires the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by proxy or voting instruction card at the Annual Meeting on the resolution.

## **PROPOSAL 9**

### **ISSUE OF LEAD MANAGER SECURITIES TO EVERBLU CAPITAL**

#### **General**

Proposal 9 seeks shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of the Lead Manager Securities to EverBlu Capital (or its nominee/s).

#### **ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out at Proposals 6 and 7. As noted above under Proposals 6 and 7, ASX has advised the Company of ASX's opinion that, given the relationship between the Company's Chairman Dr James Ellingford and EverBlu Capital, the issue of any securities by the Company to EverBlu Capital or any of its associates will require shareholder approval under ASX Listing Rule 10.11.5 (which is set out at paragraph (e) in Proposals 6 and 7 above).

Each of the Company, Mr Ellingford and EverBlu Capital disagree with ASX's stance in relation to the connection between Mr Ellingford and EverBlu Capital, including the effect under ASX Listing Rule 10.11.5. Mr Ellingford has not been appointed to the Board as a nominee of EverBlu Capital. Mr Ellingford has confirmed to the Company that he is not employed by EverBlu Capital, and he does not receive any financial or other benefit from EverBlu Capital in relation to his role as a Director of the Company or otherwise that would affect his independence as a Director of the Company or his ability to discharge his duties as a Director of the Company.

Nevertheless, the Company is required under the ASX Listing Rules to comply with ASX's direction in this regard.

Proposal 9 seeks the required shareholder approval for the issue of the Lead Manager Securities to EverBlu (or its nominee/s) under and for the purposes of ASX Listing Rule 10.11.

### **Technical Information required by ASX Listing Rule 14.1A**

If Proposal 9 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Securities and will be in breach of its agreement with EverBlu Capital.

If Proposal 9 is passed, the Company will be able to issue the Corporate Advisor Securities during the month after the Meeting (or a longer period, if allowed by ASX).

### **Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Lead Manager Securities:

- (a) the Lead Manager Securities will be issued to EverBlu Capital (or its nominee/s). The reasons why shareholder approval is required under Listing Rule 10.11.5 are set out above;
- (b) 15,000,000 CDIs and 40,000,000 Options will be issued;
- (c) the Lead Manager CDIs will be issued on the same terms and conditions as the Company's existing CDIs and the Lead Manager Options will be issued on the same terms and conditions as the Placement Options and the Conversion Options (being exercisable at \$0.01 each and expiring 18 months after their date of issue, and otherwise issued on the terms and conditions set out in Schedule 2);
- (d) the Lead Manager Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that all of the Lead Manager Securities will be issued on the same date;
- (e) the Lead Manager Securities will be issued at a nil issue price, in consideration for lead manager services provided by EverBlu Capital in connection with the Loan Note offer and the Placement;
- (f) the issue of the Lead Manager CDIs is not intended to remunerate or incentivise a Director;
- (g) the Lead Manager CDIs are being issued as a capital raising fee in accordance with the Company's mandate with EverBlu Capital (refer to the Company's announcement dated 10 May 2019), and the Lead Manager Options are being issued as a success fee for completing the Loan Note offer and the Placement in the current market (this was agreed in lieu of the capital raising success fee payable under the existing mandate, as the option terms provided for under that success fee would not have provided an adequate incentive given the company's current share price); and
- (h) a voting exclusion statement is included in Proposal 9 of the Notice.

## **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of EverBlu Capital (or its nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Proposed Resolution**

You are requested to adopt the following resolution:

“9. RESOLVED that, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 15,000,000 CDIs and 40,000,000 Options to EverBlu Capital Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

## **Vote Required**

Proposal 9 requires the affirmative vote of the holders of a majority of the voting power represented at the Annual Meeting in person or by proxy and voting thereon is required to adopt this resolution.

## **PROPOSAL 10**

### **ISSUE OF LOAN REPAYMENT SECURITIES TO EVERBLU CAPITAL**

#### **Background**

As announced on 2 April 2020, the Company entered into an agreement pursuant to which EverBlu Capital advanced a loan of \$50,000 to the Company for working capital purposes (“**EverBlu Loan**”). The EverBlu Loan is unsecured and interest free; and is repayable in CDIs at an issue price of \$0.004 per CDI (“**Loan Repayment CDIs**”) and one free attaching Option for every two Loan Repayment CDIs issued (“**Loan Repayment Options**”) (together, “**Loan Repayment Securities**”).

#### **ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out at Proposals 6 and 7. As noted above under Proposals 6 and 7, ASX has advised the Company of ASX’s opinion that, given the relationship between the Company’s Chairman Dr James Ellingford and EverBlu Capital, the issue of any securities by the Company to EverBlu Capital or any of its associates will require shareholder approval under ASX Listing Rule 10.11.5 (which is set out at paragraph (e) in Proposals 6 and 7 above).

Each of the Company, Mr Ellingford and EverBlu Capital disagree with ASX’s stance in relation to the connection between Mr Ellingford and EverBlu Capital, including the effect under ASX Listing Rule 10.11.5. Mr Ellingford has not been appointed to the Board as a nominee of EverBlu Capital. Mr Ellingford has confirmed to the Company that he is not employed by EverBlu Capital, and he does not receive any financial or other benefit from EverBlu Capital in relation to his role as a Director of the Company or otherwise that would affect his independence as a Director of the Company or his ability to discharge his duties as a Director of the Company.

Nevertheless, the Company is required under the ASX Listing Rules to comply with ASX’s direction in this regard.

Proposal 10 seeks the required shareholder approval for the issue of the Loan Repayment Securities to EverBlu (or its nominee/s) under and for the purposes of ASX Listing Rule 10.11.

#### **Technical Information required by ASX Listing Rule 14.1A**

If Proposal 10 is passed, the Company will be able to issue the Loan Repayment Securities during the month after the Meeting (or a longer period, if allowed by ASX) in full and final repayment of the EverBlu Loan.

If Proposal 10 is not passed, the Company will not be able to proceed with the issue of the Loan Repayment Securities and will be required to repay the loan to EverBlu Capital in cash.

### **Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Loan Repayment Securities:

- (a) the Loan Repayment Securities will be issued to EverBlu Capital (or its nominee). The reasons why shareholder approval is required under Listing Rule 10.11.5 are set out above;
- (b) 12,500,000 CDIs and 6,250,000 Options will be issued;
- (c) the Loan Repayment CDIs will be issued on the same terms and conditions as the Company's existing CDIs and the Loan Repayment Options will be issued on the same terms and conditions as the Placement Options and the Conversion Options (being exercisable at \$0.01 each and expiring 18 months after their date of issue, and otherwise issued on the terms and conditions set out in Schedule 2);
- (d) the Loan Repayment Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Loan Repayment Securities will all be issued on the same date;
- (e) the Loan Repayment CDIs will be issued at a deemed issue price of \$0.004 per CDI to repay the EverBlu Loan, and there is no issue price for the Loan Repayment Options as they will be issued as free attaching options as noted above. The Company will not receive any other consideration for the issue of the Loan Repayment Securities (other than in respect of funds received on exercise of the Options);
- (f) the issue of the Loan Repayment Securities is not intended to remunerate or incentivise a Director;
- (g) the Loan Repayment Securities are being issued to repay the EverBlu Loan under the terms of a loan agreement between the Company and EverBlu Capital, the material terms of which are summarized above; and
- (h) a voting exclusion statement is included in Proposal 10 of the Notice.

### **Proposed Resolution**

You are requested to adopt the following resolution:

“10. RESOLVED that, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 CDIs and 6,250,000 free-attaching Options to repay the EverBlu Loan on the terms and conditions set out in the Explanatory Statement.”

## **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of EverBlu Capital (or its nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Vote Required**

Approval of the resolution set forth above requires the affirmative vote of a simple majority of the ordinary shares of the Company voted in person or by proxy or voting instruction card at the Annual Meeting on the resolution.

## **PROPOSAL 11**

### **APPROVAL OF AN INCREASE IN THE NUMBER OF EQUITY SECURITIES THAT CAN BE ISSUED BY THE COMPANY**

## **General**

As summarised in Proposal 5 above, ASX Listing Rule 7.1 limits the amount of Equity Securities (being a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an “**Equity Security**”) that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under ASX Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (7.1A Mandate).

An ‘eligible entity’ means an entity which is not included in the S&P/ASX 300 Index and has a market capitalization of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Proposal 11 seeks shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in ASX Listing Rule 7.1A to issue Equity Securities without shareholder approval.

If Proposal 11 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Proposal 11 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without shareholder approval under ASX Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in ASX Listing Rule 7.1.

#### **Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Proposal 11:

**(a) Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company’s next annual general meeting; and
- (iii) the time and date of approval by shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking).

**(b) Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or

- (ii) if the Equity Securities are not issued within 10 trading days of the date paragraph (i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company may issue Equity Securities under the 7.1A Mandate as cash consideration in which case the Company intends to use funds raised towards acquisitions or investments (including expenses associated with an acquisition, such as due diligence costs and external advisors) and continued advancements of the Company's current projects and working capital requirements.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of shareholders who do not receive any ordinary shares (as CDIs) ("**Shares**") under the issue.

If Proposal 11 is approved by shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 17 April 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		A\$0.004 50% decrease in Issue Price	A\$0.008 Issue Price	A\$0.016 100% increase in Issue Price
<b>Current Variable A</b> 189,676,917 Ordinary Shares (inc CDIs)	<b>10% Voting dilution</b>	18,967,692	18,967,692	18,967,692
	<b>Funds raised</b>	\$75,871	\$151,742	\$303,483
<b>50% increase in current Variable A</b> 284,515,376 Ordinary Shares (inc CDIs)	<b>10% Voting dilution</b>	28,451,538	28,451,538	28,451,538
	<b>Funds raised</b>	\$113,806	\$227,612	\$455,225
<b>100% increase in current Variable A</b> 379,353,834 Ordinary Shares (inc CDIs)	<b>10% Voting dilution</b>	37,935,383	37,935,383	37,935,383
	<b>Funds raised</b>	\$151,742	\$303,483	\$606,966

The above table has been prepared on the following assumptions:

- There are currently ordinary shares on issue comprising:
  - 6 ordinary shares as at the date of this Notice of Meeting;
  - 180,139,408 existing ordinary shares (as CDIs) ("Shares") as at the date of this Notice of Meeting. This includes 9,537,503 Shares 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 wave all rights arising from such securities;
- The Company issues the maximum number of equity securities available under the 7.1A Mandate;
- No convertible securities (including any issued under the 7.1A Mandate) are exercised or converted into shares before the date of the issue of the equity securities;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue (which is why the voting dilution is shown in each example as 10%);
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 7.1A Mandate based on that shareholder's holding at the date of the Annual Meeting;
- The table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, and not under the 15% placement capacity under ASX Listing Rule 7.1;
- The issue of equity securities under the 7.1A Mandate consists only of shares; and
- The issue price is A\$0.008, being the closing price of the ordinary shares on the ASX on 16 April 2020.

shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 7.1A Mandate will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 13 February 2019 ("**Previous Approval**"). During the 12 month period preceding the date of the Meeting, being on and from 26 May 2019, the Company has not issued any Equity Securities pursuant to the Previous Approval.

## **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

## **Proposed Resolution**

You are requested to adopt the following resolution:

“11. RESOLVED That, pursuant to ASX Listing Rule 7.1A, approval be given to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.”

## **Vote Required**

Proposal 11 is a “special resolution” under ASX Listing Rule 7.1A and therefore requires approval of holders of 75% of the Shares voted in person or by proxy at the Meeting on the matter.

## **PROPOSAL 12**

### **THE RE-ADOPTION OF THE COMPANY’S SHARE INCENTIVE PLAN**

## **Background**

Proposal 12 seeks shareholder approval for the adoption of the employee incentive scheme titled Incentive Performance Rights and Options Plan (Plan) in accordance with ASX Listing Rule 7.2 (Exception 13).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 13) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Proposal 12 is passed, the Company will be able to issue Performance Rights and Options under the Plan to Eligible Participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period, subject to no material changes to the plan being made.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights or Options

under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights or Options under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional shareholder approval under ASX Listing Rule 10.14 at the relevant time.

The maximum number of CDIs that may be issued under the Plan, should it be approved, is 25,171,345 CDIs, being 5% of the total number of CDIs on issue following the issue of all CDIs contemplated by this Notice of Meeting.

Since the Plan was adopted by the Company's board of directors on 13 October 2016, 600,000 Shares (as CDIs) and 212,896 Options have been issued under the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to shareholders upon request to the Company Secretary (Mr. James Bahen on +61 8 6555 2950). Shareholders are invited to contact the Company if they have any queries or concerns.

### **Proposed Resolution**

You are requested to adopt the following resolution:

"12. RESOLVES that, for the purposes of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to issue securities under an employee incentive scheme, titled "Share Incentive Plan", on the terms and conditions set out in the Explanatory Statement."

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by a person who is eligible to participate in the employee incentive scheme, or an associate of that person or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

### **Vote Required**

The affirmative vote of the holders of a majority of the voting power represented at the Annual Meeting in person or by proxy and voting thereon is required to adopt this resolution.

### **REVIEW OF THE COMPANY'S FINANCIAL STATEMENTS FOR 2018**

At the Annual Meeting, the Board will provide a management report that will include a discussion of the Company's audited financial statements for the fiscal year ended December 31, 2018. These financial statements are included in our annual report filed with the ASX on 30 August 2019, a copy of which is available on the ASX's website at [www.asx.com.au](http://www.asx.com.au) and on our website at [www.esense-lab.com](http://www.esense-lab.com). These reports are not a part of this Proxy Statement. This item does not require a vote of the shareholders.

For a description of the terms of office and employment of the five recipients of the highest compensation amongst the company's officer (as required under Israel Companies Law), please see the Company's full year statutory accounts

### **PROPOSALS OF SHAREHOLDERS**

Any shareholder or holder of CDIs who intends to present a proposal at the Annual Meeting must satisfy the requirements of the Israel Companies Law. Under the Israel Companies Law, only shareholders or holders of CDIs who hold at least 1% of our outstanding voting power are entitled to request that the Board includes a proposal in a shareholders meeting, provided that such proposal is appropriate for consideration by shareholders at such meeting. Such shareholders or holders of CDIs may present proposals for consideration at the Annual Meeting by submitting their proposals in writing to our Company Secretary, Mr. James Bahen, by email: [james@smallcapcorporate.com.au](mailto:james@smallcapcorporate.com.au). For a shareholder proposal to be considered for inclusion in the Annual Meeting we must receive the written proposal no later than 12 May, 2020 and such proposal should be made in the manner set forth in Article 22(c) of our Articles of Association and in accordance with the provisions of the Israel Companies Law. If our Board determines that a shareholder proposal is appropriate for inclusion in the agenda of the Meeting, it will be announced on the ASX market announcements platform and we will amend this Proxy Statement, the proxy form and the voting instruction form for holders of CDIs and mail such revised documents to our

shareholders and holders of CDIs. In such event, it is also possible that we may be required to postpone the date of the Annual Meeting.

Likewise, under the Israel Companies Law and our Articles of Association, nominations for directors may be made by any shareholder or holder of CDIs holding at least 1% of our outstanding voting power, and a shareholder may make such a nomination only if a written notice of a shareholder's intention to make such nomination has been provided to our Non-Executive Director, Mr. Piers Lewis, at the address set forth above. Any such notice must include certain information, the consent of the proposed director nominee(s) to serve as our director(s) if elected and a declaration signed by the nominee(s) declaring that there is no limitation under the Israel Companies Law preventing their election and that all of the information that is required to be provided to us in connection with such election under the Israel Companies Law and under our Articles of Association has been provided.

### **OTHER BUSINESS**

The Board knows of no other matter to come before the Annual Meeting. However, if any matters requiring a vote of the shareholders arise, it is the intention of the persons named in the attached form of proxy to vote such proxy in accordance with their best judgment, including any matters or motions dealing with the conduct of the Meeting.

By Order of the Board of Directors,

**Mr Piers Lewis**  
**Non-Executive Director**  
04 May 2020

---

## SCHEDULE 1 – SHARE INCENTIVE PLAN

---

(a) **Administration**

The Plan will be administered by the Board or a committee of the Board (“**Administrator**”), subject to all applicable laws, including but not limited to the Companies Law and the ASX Listing Rules (“**Applicable Laws**”).

(b) **Eligible Grantees**

The Administrator, at its discretion, may grant securities under the Plan (“**Awards**”) to any employee, director or consultant of the Company (“**Grantee**”).

(c) **Shareholder rights**

A Grantee shall have no shareholder rights with respect to securities issued under the Plan until the securities have converted into ordinary Shares.

(d) **Securities**

The securities issued under the Plan may be Shares, Options, restricted shares or restricted share units.

(e) **Options**

(i) **Exercise Price**

The exercise price per Share subject to each Option (“**Exercise Price**”) shall be determined by the Administrator, subject to Applicable Laws and to guidelines adopted by the Board. If the Exercise Price is not determined by the Administrator, the Exercise Price shall be equal to the closing price of the Shares on the ASX for the last trading day before the date of grant of the Option.

(ii) **Exercise of Options**

Options shall be exercisable pursuant to the terms under which they were awarded and the terms of the Plan. The exercise of an Option shall be made by a written notice of exercise delivered by the Grantee to the Company, in such form and method as may be determined by the Company, specifying the number of Shares to be purchased and accompanied by the payment of the Exercise Price.

(iii) **Net Exercise**

The Board may determine that instead of issuing one Share as a result of the exercise of each one Option, any Options shall be exercised using the following method (the “**Net Exercise**”):

$$X = \frac{Y (A - B)}{(A - N)}$$

Where:

X = The number of Shares resulting from the exercise of the Options (“**Net Exercise Shares**”).

Y = The number of Options in respect of which a notice of exercise has been delivered to the Company.

A = The closing price of Shares on ASX on the business day prior to the determination date (or closing bid price, if no sales were recorded) (“**Fair Market Value**”)

B = The Exercise Price

N = The nominal value of a Share

Pursuant to the Net Exercise method, the Grantee shall not be required to pay to the Company any sum with respect to the exercise of such Options, other than a sum equal to the aggregate nominal value of the Net Exercise Shares.

(iv) **Expiry Date**

The expiry date of an Option shall be determined by the Administrator and unless otherwise determined by the Administrator, must be no greater than seven years after the date of grant.

(v) **Cessation of service**

If a Grantee ceases to provide services to the Company as an employee, director or consultant:

- A. all such unvested Options shall terminate immediately;
- B. if the cessation is by reason of such Grantee's death or disability, all vested Options shall be exercisable by the Grantee or the Grantee's guardian, legal representative, estate (or similar) at any time until the lapse of 12 months from the date of cessation (but in no event after the expiration date of such Options), and shall then terminate;
- C. if the cessation is for cause (including, amongst other things, breach of the Grantee's duty of loyalty or care to the Company, the commission of a flagrant criminal offence or fraud, embezzlement or dishonesty, breach of confidentiality obligations or other intentional misconduct or other matter giving rise to a summary termination right of the Company), all Options whether vested or not shall immediately terminate; and

- D. if the cessation is due to any reason other than the above, all vested Options shall remain exercisable until the last of three months from the date of cessation (but in no event after the expiration date of such Options), and shall then terminate.

Notwithstanding the above, the Administrator shall have the discretion to extend the period of time for which an Option is to remain exercisable or may vest following the cessation of services provided that such an extension must not be beyond the expiry date of the Options.

(f) **Restricted Share Units**

A 'restricted share unit' ("RSU") is a right to receive a Share, under certain terms and conditions, for a consideration of no more than the underlying Share's nominal value. Upon the satisfaction of the exercise conditions of an RSU, such RSU shall automatically vest into an ordinary Share and the Grantee shall pay to the Company its nominal value. All of the other terms and conditions applicable to Options under the Plan, also apply to RSUs.

(g) **Restricted Shares**

"**Restricted Shares**" are shares which are issued subject to terms and conditions determined by the Administrator, including exercise conditions. Such shares must not be sold or otherwise disposed of until such conditions are satisfied or as otherwise provided in accordance with the Plan. All of the other terms and conditions applicable to Options under the Plan, also apply to Restricted Shares.

(h) **Reorganisation**

If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Grantee are to be changed in a manner such that their entitlement is adjusted proportionally, subject to compliance with the Applicable Law.

(i) **Liquidation**

Unless otherwise provided by the Board, in the event of the proposed dissolution or liquidation of the Company, all outstanding Awards will terminate immediately prior to the consummation of such proposed action. In such case, the Board may declare that any Award shall terminate as of a date fixed by the Board and give each Grantee the right to exercise his Award or have it vested, including Award that would not otherwise vest or be exercisable.

(j) **Corporate transaction**

In the event of a change of control transaction, each Award may, at the discretion of the Board, either be substituted for an award with the successor entity or assumed by a successor entity, or have the Award vested or otherwise cashed out. Necessary adjustments

may be made to exercise prices and other terms of the Award to reflect such actions as determined by the Administrator.

---

## SCHEDULE 2 – OPTION TERMS AND CONDITIONS

---

(a) **Entitlement**

Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) 18 months from the date of their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of CDIs on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the CDIs does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the CDIs does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the CDIs does not require disclosure to investors.

(h) **CDIs issued on exercise**

CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to CDI holders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### 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



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474

## LODGE A CDI VOTING INSTRUCTION FORM

This CDI Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given above by **Saturday, 6 June 2020**, being not later than 72 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.

CDI Voting Instruction Forms may be lodged using the reply paid envelope or:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the CDI Voting Instruction Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, stockholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this CDI Voting Instruction Form).

## HOW TO COMPLETE THIS CDI VOTING INSTRUCTION FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's CDI register. If this information is incorrect, please make the correction on the form. CDI Holders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your CDIs using this form.**

### DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

Each CHESS Depositary Interest (CDI) is evidence of an indirect ownership in the Company's shares of common stock (Shares). The underlying Shares are registered in the name of CHESS Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the Meetings of stockholders on the instruction of the registered holders of the CDIs.

### APPOINTMENT OF A PROXY

If you wish to attend the Meeting in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name(s) or the name of your chosen appointee in the box in Step 2. Link will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the *Notice of Annual Meeting* including any cut off time for receipt of valid proxies.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either holder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with Link. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** with respect to an Australian company, where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



X99999999999

## CDI VOTING INSTRUCTION FORM

STEP 1

### DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESS Depositary Interests (CDIs) of eSense-Lab Ltd (**Company**) hereby direct CHESS Depositary Nominees Pty Ltd (**CDN**) to vote the shares underlying my/our CDI holding at the Annual Meeting of stockholders of the Company to be held **at the Company's registered office at Suite 1, 295 Rokeby Road, Subiaco, Australia, on 09 June 2020, at 3.00pm Australian Western Standard Time (9.00am Israel time)**, 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*
1 To elect each of the directors named in the attached Proxy Statement as a member of the board of directors of the Company (the "Board" or the "Board of Directors"), to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Company's Second Amended and Restated Articles of Association (the "Articles of Association") or the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder (together, the "Israel Companies Law").	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To ratify the election of Mr. James Ellingford, member of our Board of Directors, to serve until the end of the next annual meeting of shareholders and until his or her successor has been duly elected and qualified or until his office is vacated in accordance with the Articles of Association or the Israel Companies Law.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To approve the employment terms of the Company's CEO, Mr. Itzik Mizrahi.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To approve the reappointment of BDO Ziv Haft as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019 and until the end of the next annual meeting of shareholders, and to authorize the Board, upon recommendation of the audit committee, to fix the remuneration of said independent registered public accounting firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To approve the issue of Placement Securities in accordance with ASX Listing Rule 7.1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To approve the issue of Placement Securities to Atlantic Capital Holdings Pty Ltd (an associate of the Company's Corporate Adviser and the Lead Manager to the Loan Note issue and the Placement, EverBlu Capital Pty Ltd ("EverBlu Capital")) (or its nominee/s) in accordance with ASX Listing Rule 10.11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To approve the issue of Placement Securities to Australasian Share Nominees Pty Ltd (an associate of EverBlu Capital) (or its nominee/s) in accordance with ASX Listing Rule 10.11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To approve the issue of Loan Note Conversion Securities on conversion of the Loan Notes in accordance with ASX Listing Rule 7.1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To approve the issue of the Lead Manager Securities to EverBlu Capital (or its nominee/s) in accordance with ASX Listing Rule 10.11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To approve the issue of the Loan Repayment Securities to EverBlu Capital (or its nominee/s), to repay the EverBlu Loan, in accordance with ASX Listing Rule 10.11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To approve an increase in the number of equity securities that can be issued by the Company during a period of up to 12 months following the Annual Meeting by up to 10% of the outstanding ordinary shares, in accordance with and as calculated under ASX Listing Rule 7.1A. Such approval must be passed as a "special resolution" requiring approval of holders of 75% of the ordinary shares voted in person or by proxy on the matter.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To re-adopt the Company's share incentive plan in accordance with ASX Listing Rule 7.2 (Exception 13) on the terms set out in Schedule 1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* 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)

Sole Director and Sole Company Secretary

Joint CDI Holder 2 (Individual)

Director/Company Secretary (Delete one)

Joint CDI Holder 3 (Individual)

Director

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

ESE PRX2001N

