



November 24, 2017

Postponement of Annual General Meeting and Additional Resolutions

eSense-Lab Ltd. (the “**Company**”) wishes to advise that it has rescheduled its Annual General Meeting (the “**Annual Meeting**”) that was due to take place on November 29, 2017, to **December 29, 2017 at 3:00 pm** Australian WST. The Annual Meeting will still be held at 108 Outram Street, West Perth, Western Australia.

As announced on November 22, 2017, the Company has completed a placement raising an aggregate of A\$2,119,500 (before costs) by the issue of:

- 6,478,000 shares (in the form of CHESS Depositary Interests (“CDIs”)) at A\$0.25 each, to various sophisticated and professional investors who are not related parties of the Company (“**Placement Shares**”); and
- 2,500,000 shares (in the form of CDIs) at A\$0.20 each, to MMJ Phytotech Ltd (“**Strategic Investor**”) (“**Strategic Investor Placement Shares**”).

The Company also agreed to issue 1,250,000 options to the Strategic Investor (“**Strategic Investor Options**”), and 5,000,000 options to the lead manager of the placement (“**Lead Manager Options**”).

The Placement Shares and Strategic Investor Placement Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1. The issue of the Strategic Investor Options and Lead Manager Options is subject to the receipt of prior shareholder approval. The Company wishes to submit each of these items to the shareholders and holders of the CDIs for their consideration and approval.

To avoid the administrative burden and expense of holding two shareholder meetings within a short time period, the Board of Directors of the Company resolved to:

- submit at the Annual Meeting proposals for:
 - the ratification of the issue of the Placement Shares (**Proposal 5**);
 - the ratification of the issue of the Strategic Investor Placement Shares (**Proposal 6**);
 - the approval of the issue of the Strategic Investor Options (**Proposal 7**); and
 - the approval of the issue of the Lead Manager Options (**Proposal 8**); and

- reschedule the Annual Meeting to provide shareholders and CDI holders with sufficient notice of Proposals 5 to 8 (inclusive) as required under the Israel Companies Law, 5759-1999.

A revised notice of Annual General Meeting and proxy card (if you are a shareholder) and voting instruction form (if you a holder of CDIs), copies of which are attached to this announcement, will be distributed to shareholders and CDI holders shortly.

Important note regarding proxy cards and voting instruction forms:

- **If you have already voted and now wish to vote on Proposals 5 to 8 (or any one of those Proposals) or otherwise wish to change your vote on any of the Proposals previously submitted:**

Please complete and return the new proxy card or voting instruction form (as applicable).

- **If you have already voted and do not wish to vote on Proposals 5 to 8 (or any one of those Proposals) or otherwise change your vote on any of the Proposals previously submitted:**

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

- **If you have not returned your proxy card or voting instruction form and now wish to vote on any or all of the Proposals:**

Please complete and return the new proxy card or voting instruction form.

November 24, 2017

Dear Shareholders and Holders of CDIs,

You are cordially invited to attend the 2017 Annual Meeting of Shareholders (the “**Annual Meeting**”) of eSense-Lab Ltd., to be held at 108 Outram Street, West Perth, Western Australia on December 29, 2017, at 3:00 p.m. Australian WST.

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. eSense’s board of directors recommends that you vote **FOR** all of the proposals listed in the Notice.

Whether or not you plan to attend the Annual Meeting, it is important that the ordinary shares you hold or that underlie the CDIs you hold be represented and voted at the Annual Meeting. Accordingly, after reading the enclosed Notice of Annual Meeting of Shareholders and the accompanying Proxy Statement, if you are a holder of ordinary shares please sign and date the enclosed proxy card and return it via mail, fax or personal delivery in the envelope provided or over the Internet in accordance with the instructions on your proxy card, and if you are a holder of CDIs please sign and date the enclosed voting instruction form in the envelope provided and return it via mail, fax or personal delivery or over the Internet in accordance with the instructions on your voting instruction form.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'B. de Kauwe', with a long horizontal flourish extending to the right.

Dr. Brendan de Kauwe
Chairman of the Board of Directors



Notice of 2017 Annual Meeting of Shareholders

108 Outram Street, West Perth, Western Australia

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Shareholders (the “Annual Meeting”, or the “Meeting”) of eSense-Lab Ltd. (“eSense” or the “Company”) will be held on December 29, 2017 at 3:00 p.m. Australian WST, at 108 Outram Street, West Perth, Western Australia.

The agenda of the Annual Meeting will be as follows:

1. To reelect 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 2018 annual meeting of shareholders and until his 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 or the Israel Companies Law, 5759-1999 (the “Israel Companies Law”).
2. To approve the compensation policy for officers and directors of the Company for the years 2017-2019.
3. 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.
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, 2017 and until the 2018 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 ratify the previous issue of 6,478,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.25 each, raising A\$1,619,500 (before costs) (the "Placement Shares"), in accordance with ASX Listing Rule 7.4.
6. To ratify the previous issue of 2,500,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.20 each, raising A\$500,000 (before costs) (the "Strategic Investor Placement Shares"), in accordance with ASX Listing Rule 7.4.

7. To approve the issue of 1,250,000 options to the subscriber of the Strategic Investor Placement Shares, exercisable at A\$0.30 each on or before three years from their date of issue (the "Strategic Investor Options"), in accordance with ASX Listing Rule 7.1.
8. To approve the issue of 5,000,000 options to the lead manager of the placement of the Placement Shares and Strategic Investor Placement Shares, exercisable at A\$0.40 each on or before two years from their date of issue (the "Lead Manager Options"), in accordance with ASX Listing Rule 7.1.
9. To report on the business of the Company for the fiscal year ended December 31, 2016, including a review of the fiscal 2016 financial statements.
10. 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 December 1, 2017 (the "Record Date") will be entitled to notice of, and 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 card 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 on or about December 2, 2017 to all shareholders and holders of CDIs entitled to vote at the Annual Meeting. Signed proxy cards must be received by Link Market Services, the Company's share registry, at the address set forth on the proxy card 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 December 19, 2017.

By Order of the Board of Directors,



Dr. Brendan de Kauwe
Chairman of the Board of Directors

West Perth, Western Australia
November 24, 2017



PROXY STATEMENT

This proxy statement ("Proxy Statement") is being furnished to the holders of our ordinary shares and holders of our CHESS Depositary Interests over ordinary shares ("CDIs") in connection with the 2017 Annual Meeting of Shareholders of eSense-Lab Ltd., to be held at 108 Outram Street, West Perth, Western Australia on December 29, 2017 (the "Annual Meeting", or the "Meeting"), at 3:00 p.m. Australian WST and at any adjournment or postponement thereof, pursuant to the accompanying Notice of 2017 Annual General Meeting of Shareholders.

The agenda of the Annual Meeting will be as follows:

1. To reelect each of the directors named herein as a member of the board of directors of the Company (the "Board" or the "Board of Directors"), to serve until the 2018 annual meeting of shareholders and until his 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 (the "Israel Companies Law").
2. To approve the compensation policy for officers and directors of the Company for the years 2017-2019.
3. 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.
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, 2017 and until the 2018 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 ratify the previous issue of 6,478,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.25 each, raising A\$1,619,500 (before costs) (the "Placement Shares"), in accordance with ASX Listing Rule 7.4.
6. To ratify the previous issue of 2,500,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.20 each, raising A\$500,000 (before costs) (the "Strategic Investor Placement Shares"), in accordance with ASX Listing Rule 7.4.

7. To approve the issue of 1,250,000 options to the subscriber of the Strategic Investor Placement Shares, exercisable at A\$0.30 each on or before three years from their date of issue (the "Strategic Investor Options"), in accordance with ASX Listing Rule 7.1.
8. To approve the issue of 5,000,000 options to the lead manager of the placement of the Placement Shares and Strategic Investor Placement Shares, exercisable at A\$0.40 each on or before two years from their date of issue (the "Lead Manager Options"), in accordance with ASX Listing Rule 7.1.
9. To report on the business of the Company for the fiscal year ended December 31, 2016, including a review of the fiscal 2016 financial statements.
10. 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 cards 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 December 29, 2017, at 3:00 p.m. Australian WST at 108 Outram Street, West Perth, Western Australia.

Q: Who can attend the Annual Meeting?

A: Any shareholder or holder of CDIs may attend. Current proof of ownership of the Company's ordinary shares or CDIs, as well as a form of personal photo identification, must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring a current brokerage statement or other proof of ownership with you to the Annual Meeting.

Q: Who is entitled to vote?

A: Only holders of ordinary shares at the close of business on December 1, 2017 (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 card 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 recommended by the Board of Directors. **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 in person. Ballots will be passed out at the Annual Meeting to any shareholder who wants to vote at the Annual Meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification. If your shares are held directly in your name, you may vote in person at the Annual Meeting. However, if your shares are held by a bank, broker or other nominee, you must first obtain a signed proxy from such entity and vote. Holders of our CDIs can attend the Annual Meeting but they cannot vote at the Annual Meeting.

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 card with Link Market Services, the Company's Share Registry, or by attending the Annual Meeting and voting in person (attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request). 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.

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 a shareholder, when you submit a proxy vote you appoint the chairperson at the meeting (expected to be Brendan de Kauwe) as your representative at the Annual Meeting unless you appoint someone else to serve as your proxy. Your shares will be voted at the Annual Meeting as you have instructed. Upon the receipt of a properly submitted proxy card, which is received in time (by 3:00 p.m. WST, on December 27, 2017, 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 card.

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 card 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 cards 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, in person 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?

Each of Proposal 1 (reelection 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 (ratification of issue of Placement Shares), Proposal 6 (ratification of issue of Strategic Investor Shares), Proposal 7 (approval of issue of Strategic Investor Options), and Proposal 8 (approval of issue of Lead Manager

Options) requires 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 2 (approval of the compensation policy for officers and directors of the Company for the years 2017-2019) 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 Meeting on the proposal, that either: (1) a simple majority of shares voted at the Annual Meeting, *excluding* the shares of Controlling Shareholders and of shareholders who have a personal interest in the approval of the resolution (other than a personal interest that does not result from the shareholder’s relationship with a Controlling Shareholder), be voted “FOR” these proposed resolution, or (2) the total number of shares of non-Controlling Shareholders and of shareholders who do not have a personal interest in the resolution (excluding a personal interest that is not a result of the shareholder’s relationship with a Controlling Shareholder) voted against the approval of the resolution does not exceed two percent of the outstanding voting power in the Company.

Under the Israel Companies Law, the term “**Controlling Shareholder**” means a shareholder or holder of CDIs having the ability to direct the activities of a company, other than by virtue of being an office holder. A shareholder or holder of CDIs is presumed to be a Controlling Shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager.

Under the Israel Companies Law, a “**personal interest**” of a shareholder or holder of CDIs (i) includes a personal interest of such individual and any member of the family of such individuals, family members of such individual’s spouse, or a spouse of any of the foregoing, or a personal interest of a company with respect to which the individuals (or such family member) serves as a director or chief executive officer, beneficially owns at least 5% of the shares or has the right to appoint a director or chief executive officer, and (ii) excludes an interest arising solely from the ownership of our ordinary shares. Under the Israel Companies Law, in the case of a person voting by proxy for another person, “personal interest” includes a personal interest of either the proxy holder or the shareholder granting the proxy, whether or not the proxy holder has discretion how to vote. If you do not have a personal interest in this matter, you may assume that using the form of proxy enclosed herewith or form of voting instruction for holders of CDIs to instruct CDN how to vote will not create a personal interest. To avoid confusion, in the form of proxy card and form of voting instruction card, we refer to such a personal interest as a “personal benefit or other interest”.

The Israel Companies Law requires that each shareholder or holder of CDIs voting on the proposal indicate whether or not the shareholder or holder of CDIs is a Controlling Shareholder (as defined above) or has a personal interest in the proposed resolution. The enclosed form of proxy and enclosed form of voting instruction card includes a box you can mark to confirm that you are not a “Controlling Shareholder” and do not have a

personal interest in this matter. If you do not mark this box, your vote will not be counted.

It is highly unlikely that any of the Company's public shareholders or holders of CDIs has a personal interest in any of the proposals. If you are unable to make this confirmation, please contact Steven Wood, the Company Secretary, at + 61.8.9322.7600.

Proposal 3 (approval of an increase in the number of equity securities that can be issued by the Company) is a "special resolution" under ASX Listing Rule 7.1A and therefore 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 card?

A: If you are the record holder of your shares and do not specify on your proxy card how you want to vote your shares, your shares will be voted as follows in accordance with the recommendation of the Board:

1.a. "FOR" the reelection of Dr. Brendan de Kauwe as a member of the Board of Directors, to serve until the 2018 annual meeting of shareholders and until his 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 or the Israel Companies Law.

1.b. "FOR" the reelection of Haim Cohen as a member of the Board of Directors, to serve until the 2018 annual meeting of shareholders and until his 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 or the Israel Companies Law.

1.c. "FOR" the reelection of Eran Gilboa as a member of the Board of Directors, to serve until the 2018 annual meeting of shareholders and until his 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 or the Israel Companies Law.

1.d. "FOR" the reelection of Ilan Saad as a member of the Board of Directors, to serve until the 2018 annual meeting of shareholders and until his 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 or the Israel Companies Law.

2. "FOR" the approval of the compensation policy for officers and directors of the Company for the years 2017-2019.

3. **“FOR”** the approval of 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.

4. **“FOR”** the approval of the reappointment of BDO Ziv Haft as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017 and until the 2018 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. **“FOR”** the ratification of the previous issue of 6,478,000 Placement Shares (in the form of CDIs) at an issue price of A\$0.25 each, raising A\$1,619,500 (before costs) (the "Placement Shares"), in accordance with ASX Listing Rule 7.4.

6. **“FOR”** the ratification of the previous issue of 2,500,000 Strategic Investor Placement Shares (in the form of CDIs) at an issue price of A\$0.20 each, raising A\$500,000 (before costs), in accordance with ASX Listing Rule 7.4.

7. **“FOR”** the approval of the issue of 1,250,000 Strategic Investor Options to the subscriber of the Strategic Investor Shares, exercisable at A\$0.30 each on or before three years from their date of issue, in accordance with ASX Listing Rule 7.1.

8. **“FOR”** the approval of the issue of 5,000,000 Lead Manager Options to the lead manager of the placement of the Placement Shares and Strategic Investor Placement Shares, exercisable at A\$0.40 each on or before two years from their date of issue, in accordance with ASX Listing Rule 7.1.

The named proxies will act in accordance with their best judgment on any other matters properly brought before the annual meeting and any postponement(s) or adjournment(s) thereof.

POSITION STATEMENTS

Q: Can a shareholder express an opinion on a proposal prior to the Annual Meeting?

A: 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 registered office at C/- Otsana Capital, 108 Outram Street, West Perth, WA 6005 no later than December 19, 2017. Position statements 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 immediately following the conclusion of the meeting, in accordance with the requirements of ASX Listing Rule 3.13.2.

BENEFICIAL OWNERSHIP OF SECURITIES BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of November 22, 2017, concerning the number of ordinary shares beneficially owned, directly or indirectly, by (i) each person or entity known to us to beneficially own 5% or more of our outstanding shares and (ii) by all of our current directors and officers as a group.

Name	Number of Shares	Percentage of Shares (1)
Benjamin Karasik	6,298,226	8.85%
Efraim Malik	3,843,988	5.40%
Nitzan Orgal	3,622,515	5.09%
All of our officers and directors as a group (2)	5,577,732	7.84%

- (1) All percentage information is based on 71,139,311 ordinary shares (including ordinary shares underlying CDIs) outstanding as of November 22, 2017.
- (2) Consists of 5,577,732 ordinary shares underlying CDIs.

COMPENSATION OF OUR DIRECTORS AND EXECUTIVE OFFICERS

The aggregate direct remuneration we paid during the year ended December 31, 2016 to the five persons who served in the capacity of director or senior executive officer during 2016 was approximately US\$70,438, including approximately US\$8,344 that was set aside for pension, retirement, severance or similar benefits. The compensation amounts do not include amounts expenses (including business, travel, professional and business association dues and expenses) reimbursed to office holders and other benefits commonly reimbursed or paid by companies in our industry.

The table and summary below outline the compensation granted to our five most highly compensated office holders during or with respect to the year ended December 31, 2016. We refer to the five individuals for whom disclosure is provided herein as our “Covered Executives.” For purposes of the table and the summary below, “compensation” includes base salary, consulting or service fees, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation. All amounts reported in the table are in terms of cost to us, as recognized in our financial statements for the year ended December 31, 2016, which includes compensation paid or to be paid to such Covered Executive following the end of the year in respect of services provided during the year. Each of the Covered Employees is covered by our D&O liability insurance policy and is entitled to indemnification and exculpation in accordance with applicable law and our articles of association. The amounts set forth in the table below are provided in U.S. dollars.

Name and Principal Position⁽¹⁾	Salary Cost⁽²⁾	Bonus⁽³⁾	Equity-Based Compensation⁽⁴⁾	All Other Compensation⁽⁵⁾	Total
Haim Cohen, Chief Executive Officer	21,000	-	168,544	-	189,544
Yaron Penn, Chief Technology Officer	31,074	-	120,642	8,079	159,795
Mira Carmeli Weissberg, Chief Scientific Officer	9,364	-	106,449	2,434	118,247
Ilan Saad, Director	9,000	-	23,064	-	32,064

(1) Except for Ilan Saad, all Covered Executives are or were employed on a full-time (100%) basis.

(2) Salary cost includes the Covered Executive's gross salary (or, in the case of directors, directors' fees).

(3) Represents annual bonuses approved by our compensation committee and board of directors to the Covered Executives with respect to the year ended December 31, 2016.

- (4) Represents the equity-based compensation expenses recorded in our consolidated financial statements for the year ended December 31, 2016, based on the fair value of the applicable options on the date of grant thereof, in accordance with accounting guidance for equity-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 6 to our consolidated financial statements included in our annual report filed with the ASX on April 28, 2017, a copy of which is available on the ASX's website at www.asx.com.au and on our website at www.esense-lab.com.
- (5) Amounts reported in this column include personal benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to the respective Covered Executive, payments, contributions and/or allocations for savings funds (e.g., Managers Life Insurance Policy), education funds (referred to in Hebrew as "keren hishtalmut"), pension, severance, vacation, car or car allowance, medical insurances and benefits, risk insurance (e.g., life insurance or work disability insurance), telephone expense reimbursement, convalescence or recreation pay, relocation reimbursement, payments for social security, and other personal benefits and perquisites consistent with the Company's guidelines. All amounts reported in the table represent incremental cost to the Company.

Compensation Paid to our Directors

During 2016 we paid to Ilan Saad, one of our directors, cash compensation in the amount of US\$9,000 and equity compensation in the amount of US\$23,064. We did not pay or accrue payments owed to any of our other directors in 2016. Following the date of our admission to the ASX on February 10, 2017, we pay each of our Non-Executive Directors (excluding Brendan de Kauwe) an annual fee of A\$50,000 plus VAT (if applicable), paid in 12 equal monthly installments. In light of Brendan de Kauwe's position as Chairman, we pay him an annual fee of A\$85,000 plus VAT (if applicable), paid in 12 equal monthly installments. Prior to the date of our admission, we pay Ilan Saad a monthly fee of US\$3,000 plus VAT (if applicable) effective from 1 October 2016. The Company's agreement with Mr. Saad also provided for him to be issued with options to purchase 26,000 ordinary shares pursuant to the Company's Incentive Plan, which have since been exercised into Shares.

Management Services Agreement with Haim Cohen

On October 2, 2016, we entered into a Management Services Agreement with our Chief Executive Officer, Haim Cohen. The engagement took effect from September 19, 2016. Pursuant to the agreement, Mr. Cohen provides management services on a full-time basis and serves as our Chief Executive Officer. In exchange for his services, Mr. Cohen receives a monthly fee of US\$12,500 per month plus VAT (if applicable); prior to our admission, Mr. Cohen's monthly fee was equal to US\$6,000 per month plus VAT (if applicable). Pursuant to the agreement Mr. Cohen also was issued with 190,000 Options pursuant to the Company's Incentive Plan, which have since been exercised into Shares. Mr. Cohen is based in our Israel offices.

Either party may terminate the agreement upon three months' prior written notice. In addition, we may terminate the agreement at any time upon written notice if Mr. Cohen engages in any act that under applicable Israeli law would negate the entitlement of an employee to

severance pay, or where Mr. Cohen is in breach of his fiduciary duty to the Company, including but not limited to a commission of a felonious crime connected with his engagement, or is in breach of any of his obligations under the separate undertaking he provided to us regarding confidentiality, non-competition, non-solicitation and intellectual property.

Pursuant to such undertaking, Mr. Cohen is subject to standard obligations in relation to the protection of our confidential information of the Company. Also, for the period of Mr. Cohen's engagement and for 12 months from the date of termination for any reason, Mr. Cohen is prohibited to undertake any business as an employee, independent contractor, consultant or otherwise which may directly or indirectly compete with us, or to approach, solicit or recruit any employee, supplier, customer or agent of ours to leave the Company, terminate their relationship with us or reduce the scope of their relationship with us. Pursuant to the undertaking, all intellectual property rights developed through Mr. Cohen's engagement with us shall vest with us. Mr. Cohen must execute any documents necessary to establish our rights to such intellectual property. Mr. Cohen's obligations under the undertaking survive the termination of his engagement with us and Mr. Cohen will be liable to compensate us for any loss, damage or expense incurred by us as a result of such breach.

CORPORATE GOVERNANCE

Following the Annual Meeting, assuming the reelection of each of the directors under Proposal 1, our Board will consist of six directors (including our two external directors, Ms. Galit Assaf and Mr. Quentin Megson, who were reelected for terms of three years each at our Extraordinary General Meeting of Shareholders held on May 10, 2017, and who are not up for reelection at the Annual Meeting). Our Articles of Association provide that our Board may consist of 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 members of our Board of Directors are as follows:

Name	Position	Date Appointed
Dr. Brendan de Kauwe	Chairman and Non-Executive Director	October 1, 2016
Mr. Haim Cohen	CEO and Executive Director	October 1, 2016
Mr. Eran Gilboa	Non-Executive Director	September 19, 2016
Mr. Ilan Saad	Non-Executive Director	October 1, 2016
Ms. Galit Assaf	Non-Executive Director	December 5, 2016
Mr. Quentin Megson	Non-Executive Director	December 5, 2016

The number of formal meetings of the Board held during the year ended December 31, 2016, and the number of meetings attended by each director was as follows:

DIRECTORS' MEETINGS

Name of Director	Number Eligible to Attend	Number Attended
Dr. Brendan de Kauwe	1	1
Haim Cohen	1	1
Ilan Saad	1	1
Eran Gilboa	1	1
Galit Assaf	0	0
Quentin Megson	0	0

Biographical information concerning Ms. Galit Assaf and Mr. Quentin Megson, our external directors, is provided below. Biographical information concerning our other directors, who are up for reelection at the Annual Meeting, is set forth below in “Proposal 1. Election of Directors”.

Galit Assaf. Ms. Assaf has extensive experience in managerial and directorship roles within Israeli companies and government. Ms. Assaf is currently the Director of global bank transfers with Payoneer, an online payment services company. Ms. Assaf is also currently a director and member of the audit and finance committee of Zur Shamir Holdings Ltd., an Israel-based company engaged in finance, insurance and real estate. Ms. Assaf has also held the position of chief financial officer (as well as acting chief executive officer and deputy chief executive officer) and chair of the finance committee of the NTA – Metropolitan Mass Transit System, a government owned organisation with the responsibility of designing, building and financing the Israeli mass transit systems for the Tel Aviv area. Ms. Assaf has also held the position of chair of the finance committee for the Port of Hadera, and has been on the board of the Jerusalem Development Authority, and a member of the audit committee for KANAT – Insurance Fund for Natural Risks in Agriculture. Ms. Assaf holds a M.A. in Public Policy from Tel-Aviv University, as well as a M.A. and B.A. in each of Economics and Business Administration from Hebrew University of Jerusalem.

Quentin Megson. Mr. Megson has 25 years’ experience in the finance and management sector in Australia. His initial role was as a tax advisor for a major accounting firm before moving to a medium tier accounting firm as a partner. Since 2005, Mr Megson has held various roles with ASX-listed company Quintis Limited (ASX: QIN) (formerly named “TFS Corporation Ltd” (ASX:TFC), which is involved in the establishment of sandalwood plantations and the processing of the wood to the end product. Mr. Megson’s roles with Quintis have included chief financial officer, company secretary and general manager of communications and human relations. Mr. Megson is currently the general manager of operations and corporate services of Quintis. Mr. Megson holds a Bachelor of Commerce degree and is a Chartered Accountant.

Director Independence

Each of Ms. Assaf and Mr. Megson has certified to us that she or he complies with all qualifications of an external director under the Israel Companies Law. In addition, each of Mr.

Saad, Ms. Assaf and Mr. Megson are considered by the board to be independent directors under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

MATTERS SUBMITTED TO SHAREHOLDERS

PROPOSAL 1

ELECTION OF DIRECTORS

At the Meeting, shareholders will be asked to re-elect each of Brendan de Kauwe, Haim Cohen, Ilan Saad and Eran Gilboa to our Board of Directors. Brendan de Kauwe has entered into a board member agreement with the Company pursuant to which he is paid AU\$85,000 per annum for his director fees, which includes his additional services as Chairman. Each of Ilan Saad and Eran Gilboa has entered into a board member agreement with the Company pursuant to which he is paid AU\$50,000 per annum for his director fees. As well as being a Director and Chairman of the Company, Brendan de Kauwe is also a director of Otsana Capital. In addition, Eran Gilboa heads up the Israeli division of Otsana in Tel Aviv. The Company has engaged Otsana to act as its corporate advisor, and in such capacity the Company pays Otsana cash fees in the form of a retainer of AU\$10,000 per month.

Mr. Cohen has entered into a management services agreement with the Company in connection with his serving as our CEO, and he does not receive any additional compensation for serving as a member of our Board.

A brief biography of each nominee is set forth below:

Dr. Brendan de Kauwe (Director and Chairman). Dr. de Kauwe studied a Bachelor of Science in Pharmacology and Physiology and Bachelor of Dental Surgery from the University of Western Australia. He also holds a Post Graduate Diploma in Applied Finance, majoring in Corporate Finance, and is an ASIC compliant (RG146) Securities Advisor. Dr. de Kauwe is a Director of Otsana Capital, a corporate advisory firm, with vast experience in corporate restructuring and recapitalisations, mergers and acquisitions, IPO/RTO and capital markets. Dr. de Kauwe's corporate experience, coupled with his extensive technology, science and bio-medical background gives him an integral understanding in the evaluation and execution of projects and assets over a diverse range of sectors. Dr. de Kauwe has held numerous roles within ASX-listed companies, particularly in the life sciences and technology sectors including: Director of Actinogen Limited (ASX:ACW) from 23 September 2013 to 18 December 2014 (including a position as Executive Chairman from 23 April 2014 to 1 December 2014), Director of Xped Ltd (ASX:XPE) from 22 May 2015 to 23 March 2016, and Director of Prescient Therapeutics Limited (ASX:PTX) from 30 August 2013 to 28 November 2014. Dr. de Kauwe is currently a Director of Race Oncology Ltd (ASX: RAC) (appointed 1 July 2016) and Ookami Ltd (ASX: OOK) (appointed 5 June 2015).

Haim Cohen (Chief Executive Officer and Director). Mr. Cohen has extensive managerial experience across numerous sectors including real estate, transport communications, human resources and information systems in both private and government enterprises. He has a successful track record in business development and marketing, and has been a manager of project budgets of up to US\$4 billion. Mr. Cohen holds a B.A in social science from Bar Ilan University and also represented the Israeli Government as chairman of the youth exchange authority in Israel.

Ilan Saad (Director). Mr. Saad has unique experience and knowledge in distribution companies across a variety of industries including IT, semiconductors and automation. Mr. Saad is the Chief Executive Officer of Data Tech Advanced Solutions Ltd., an Israel-based leading IT distributor, responsible for the company's impressive sales growth, improved margins and new sales channels positioning the company as an industry leader in the Israeli market. Mr. Saad is also the Chairman of Trading Sector at Rapac Communication & Infrastructure Ltd., an Israel-based company established in 1964 which is listed on the TASE (Tel Aviv Stock Exchange) and is active in the infrastructure, communication and defense fields.

Eran Gilboa (Director). Mr. Gilboa has vast experience as the Chief Financial Officer for numerous global companies in the fields of hi-tech, real estate, finance and media. As a result of serving as the Chief Financial Officer, Mr. Gilboa gained a wide background in capital offerings, working with venture capital firms and various boards of directors. Mr. Gilboa also played a crucial role in various mergers and acquisitions of international companies, where he led the intricate financial and tax processes. Moreover Mr. Gilboa was responsible for private and public companies in his role as Senior Accountant at Ernst & Young. Mr. Gilboa has a CPA license. Mr. Gilboa also holds a B.A in Economics and Management, specializing in finance, from the College of Management in Israel, and an LLM from Bar Ilan University

Proposed Resolutions

You are requested to adopt the following resolutions:

“1.a. RESOLVED, that Dr. Brendan de Kauwe be reelected 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 the Company's Articles of Association of the Israel Companies Law, 5759-1999”; and

“1.b. RESOLVED, that Haim Cohen be reelected 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 the Company's Articles of Association of the Israel Companies Law, 5759-1999”; and

“1.c. RESOLVED, that Ilan Saad be reelected 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 the Company's Articles of Association of the Israel Companies Law, 5759-1999”; and

“1.d. RESOLVED, that Eran Gilboa be reelected 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 the Company's Articles of Association of the Israel Companies Law, 5759-1999.”

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.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF EACH OF THE FOREGOING RESOLUTIONS.

PROPOSAL 2

APPROVAL OF COMPENSATION POLICY FOR OFFICERS AND DIRECTORS OF THE COMPANY FOR 2017-2019

Background

Under the Israel Companies Law, public companies like us are required to adopt a policy governing the compensation of their officers and directors. In general, every office holder’s terms of compensation – including fixed remuneration, bonuses, equity compensation, retirement or termination payments, indemnification, liability insurance and the grant of an exemption from liability – must comply with the compensation policy, and must be approved by the compensation committee, the board of directors and the shareholders, in that order. In addition, the terms of compensation of directors, the chief executive officer, and any employee or service provider who is considered a controlling shareholder must also be approved separately by the shareholders of the company, after the approval by the compensation committee and the Board.

Pursuant to the Companies Law, the compensation policy must comply with specified criteria and guidelines and, in general, be based following consideration of, among others, the following factors: (i) promoting the company’s objectives, business plan and long term policy; (ii) creating appropriate incentives for the company’s officers and directors, considering, among others, the company’s risk management policy; (iii) the company’s size and nature of operations; and (iv) with respect to variable elements of compensation (such as bonuses), the individual’s contribution to achieving corporate objectives and increasing profits, with a long-term view and in accordance with his or her role.

The Israeli Companies Law requires the board to reevaluate the compensation policy from time to time, and upon any material change in the circumstances that existed at the time the policy was formulated. In addition, the compensation policy must be reviewed and re-approved at least once every three years. The compensation policy must be recommended by the compensation committee, approved by the board and approved by the shareholders, in that order.

Our remuneration committee has reviewed and approved the proposed compensation policy for officers and directors of the Company for 2017-2019 attached to this Proxy Statement on Appendix A (the “Compensation Policy”) based upon the factors set forth in the Israeli Companies Law. Our Board of Directors then considered and approved the Compensation

Policy, following the Board's own examination of the compensation factors set forth in the Israeli Companies Law, and is recommending that shareholders approve the Compensation Policy at the Annual Meeting. If approved, the Compensation Policy will serve as the Company's compensation policy for all of its officers and directors for the period 2017-2019.

Summary of the Compensation Policy

The following is a summary of the Compensation Policy and is qualified by reference to the full text thereof.

- *Objectives:* To attract, motivate and retain highly skilled and experienced personnel who will promote eSense's success and enhance shareholder value, while supporting a performance culture that is based on merit, differentiates and rewards excellent performance over the long term, and recognizes eSense's values.
- *Compensation structure and instruments:* Includes some or all of the following: base salary; benefits and perquisites; cash bonuses; equity-based compensation; and retirement and termination arrangements.
- *Overall compensation - Ratio between fixed and variable compensation:* eSense aims to balance the mix of fixed compensation (consisting of base salary, benefits and perquisites) and variable compensation (consisting of cash bonuses and equity-based compensation) pursuant to the ranges set forth in the Compensation Policy in order to, among other things, appropriately incentivize executive officers to meet eSense's goals while considering management of the Company's business risks.
- *Inter-company compensation ratio:* In the process of preparing the Compensation Policy, eSense has examined the ratio between overall compensation of the executive officers and the average and median salary of the other employees of eSense (including employee-contractors and agency contractors, if any), as set forth in the Compensation Policy, to ensure that levels of executive compensation as compared to the levels of compensation of the overall workforce will not have a negative impact on work relations in eSense.
- *Base salary, benefits and perquisites:* The Compensation Policy provides guidelines and criteria for determining base salary, benefits and perquisites for executive officers.
- *Cash bonuses:* eSense's policy is to allow annual cash bonuses, which may be awarded to executive officers pursuant to the guidelines and criteria, including caps, set forth in the Compensation Policy. In the event our annual EBITDA results for a year are equal to or greater than A\$2,000,000, each of our directors may be entitled to a bonus payment equal to the annual cash compensation received by them with respect to such year, subject to applicable law.
- *"Clawback":* In the event of an accounting restatement, eSense shall be entitled to recover from then-current executive officers' bonus compensation in 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.

- *Equity-based compensation:* eSense’s policy is to allow for the grant of equity-based compensation in the form of stock options and/or other equity forms, such as restricted stock and restricted stock units, which may be awarded to executive officers pursuant to the guidelines and criteria, including vesting periods, set forth in the Compensation Policy, with its main objectives being to enhance the alignment between the directors’ and executive officers’ interests with the long-term interests of eSense and its shareholders and to strengthen the retention and the motivation of directors and executive officers over the long term. Any issuance of equity securities to our directors or other related parties will be subject to the prior approval of our shareholders, in accordance with the requirements of the Israel Companies Law and the ASX Listing Rules.
- *Retirement and termination:* The Compensation Policy provides guidelines and criteria for determining retirement and termination arrangements of executive officers, including limitations thereon.
- *Exculpation, indemnification and insurance:* The Compensation Policy provides guidelines and criteria for providing directors and executive officers with exculpation, indemnification and insurance.
- *Compensation for Directors:* The Compensation Policy provides guidelines for the remuneration and refund of expenses of our directors in accordance with applicable regulations promulgated under the Israel Companies Law, and for equity-based compensation that may be granted to directors pursuant to the guidelines and criteria, including vesting periods, set forth in the Compensation Policy. Each of our directors may be entitled to receive a fixed monthly salary from us so long as such individual is acting as an active director, which shall not exceed an annual cost of NIS 443,000, and the Chairperson of our Board of Directors may be entitled to receive a fixed monthly salary from us so long as such individual is acting as an active Chairperson, which shall not exceed an annual cost of NIS 748,000.
- *Applicability:* The Compensation Policy will apply to all compensation agreements and arrangements that will be approved after the date on which the Compensation Policy is approved by the shareholders.
- *Review:* The remuneration committee and the Board of Directors shall review and reassess the adequacy of the Compensation Policy from time to time, as required by the Israeli Companies Law.

Proposed Resolution

You are requested to adopt the following resolution:

“2. RESOLVED, to approve the Compensation Policy for Officers and Directors for the years 2017-2019, as set forth in Appendix A to the proxy statement for the Annual Meeting.”

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, provided that either:

1. a simple majority of shares voted at the Annual Meeting, *excluding* the shares of controlling shareholders, if any, and of shareholders who have a personal interest in the approval of the resolution, be voted “FOR” the resolution; or
2. the total number of shares of non-controlling shareholders and of shareholders who do not have a personal interest in the approval of the resolution voted against approval of the resolution does not exceed two percent of the outstanding voting power in the Company.

For certain definitions, see “About the Voting Procedure at the Annual Meeting - What vote is required to approve each proposal presented at the Annual Meeting?” above.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

PROPOSAL 3

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

Background

ASX Listing Rule 7.1A enables “eligible entities” to issue equity securities in an amount equal to up to 10% of their issued share capital over a period of up to 12 months following such entities’ respective annual general meeting (“10% Placement Facility”). The exact number of equity securities that can be issued under the 10% Placement Facility is determined at the date of issuance of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as described below). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1, pursuant to which companies listed on the ASX can issue equity securities in an amount equal to up to 15% of their issued share capital.

An “eligible entity” for the purposes of ASX Listing Rule 7.1A is an entity that (i) is not included in the S&P/ASX 300 Index and (ii) has a market capitalization of A\$300 million or less. As of November 22, 2017, the Company was not included in the S&P/ASX 300 Index, and based on the closing price of the Company’s ordinary shares on the ASX on such date the Company had a market capitalization of approximately A\$26 million. Accordingly, the Company is an eligible entity.

The Company is now seeking shareholder approval to have the ability to issue equity securities under the 10% Placement Facility.

Summary

ASX Listing Rule 7.1A

(a) **Shareholder approval.**

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity securities.**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the company.

The Company, as at the date hereof, has on issue one quoted class of equity security, the Company's ordinary shares.

(c) **Formula for calculating 10% Placement Facility.**

ASX Listing Rule 7.1A.2 provides that eligible entities that have obtained shareholder approval at an annual general meeting may issue or agree to issue during a period of up to 12 months following the date of the annual general meeting a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

where:

A is the number of shares on issue 12 months before the date of issue or agreement, plus

(A) the number of fully paid shares issued during 12 months under an exception in ASX Listing Rule 7.2;

(B) the number of partly paid shares that became fully paid during such 12 months; and

(C) the number of fully paid shares issued during the 12 months before the date of issue or agreement with shareholder approval under ASX Listing Rules 7.1 and 7.4 (this does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval);

less the number of fully paid shares cancelled during such 12 months;

D is equal to “10%”; and

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that were not issued with shareholder approval under ASX Listing Rule 7.1 or 7.4.

(d) **ASX Listing Rules 7.1 and 7.1A.**

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under ASX Listing Rule 7.1.

The number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX listing rule 7.1A.2 (refer to paragraph (c) above).

(e) **Minimum Issue Price.**

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the volume weighted average price of equity securities in the same 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; or
- (ii) if the equity securities are not issued within five trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(f) **10% Placement Period.**

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which shareholder approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of such annual general meeting; or
- (ii) the date of shareholder approval of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

such period, the “10% Placement Period”.

In the event that Proposal 3 is approved, the Company will be able to issue securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Specific information required by Listing Rule 7.3A.

In accordance with ASX Listing Rule 7.3A, information is provided as follows:

- (a) The equity securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's equity securities 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 to be issued is agreed; or
 - (ii) if the equity securities are not issued within five trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- (b) If this Proposal 3 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the below table (in the case of convertible securities, only if the convertible securities are converted into ordinary shares). There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the equity securities may be issued as part of consideration for the acquisition of a new asset;either of which may have an effect on the amount of funds raised by the issue of the equity securities.
- (c) The below table shows the dilution of existing shareholders on the basis of the current market price of the Company's shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as of the date hereof.
- (d) The table also shows:
 - (i) two examples where variable "A" has increased, by 50% and 100% respectively. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not

require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price (A\$0.365 as at November 22, 2017).

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		A\$0.183 50% decrease in Issue Price	A\$0.365 Issue Price	A\$0.730 100% increase in Issue Price
Current Variable A 71,139,311 Ordinary Shares	10% Voting dilution	7,113,931 Ordinary Shares	7,113,931 Ordinary Shares	7,113,931 Ordinary Shares
	Funds raised	\$1,298,292	\$2,596,585	\$5,193,170
50% increase in current Variable A 106,708,967 Ordinary Shares	10% Voting dilution	10,670,897 Ordinary Shares	10,670,897 Ordinary Shares	10,670,897 Ordinary Shares
	Funds raised	\$1,947,439	\$3,894,877	\$7,789,755
100% increase in current Variable A 142,278,622 Ordinary Shares	10% Voting dilution	14,227,862 Ordinary Shares	14,227,862 Ordinary Shares	14,227,862 Ordinary Shares
	Funds raised	\$2,596,585	\$5,193,170	\$10,386,339

The above table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of equity securities available under the 10% Placement Facility;
- (ii) No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into shares before the date of the issue of the equity securities;
- (iii) 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%);
- (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10%

Placement Facility based on that shareholder's holding at the date of the Annual Meeting;

- (v) 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;
 - (vi) The issue of equity securities under the 10% Placement Facility consists only of shares; and
 - (vii) The issue price is A\$0.365, being the closing price of the ordinary shares on the ASX on November 22, 2017.
- (e) The Company will only issue the equity securities during the 10% Placement Period.
- (f) The Company may seek to issue the equity securities for the following purposes:
- (i) non-cash consideration for the acquisition of new technology or research assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new technology or research assets or investments (including expenses associated with such acquisition such due diligence costs and external advisors) and continued advancement of the Company's current projects and working capital requirements.
- (g) The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the equity securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and

- (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial shareholders and/or new shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new technology or research assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.
- (j) The Company has not previously obtained shareholder approval under ASX Listing Rule 7.1A.

Proposed Resolution

You are requested to adopt the following resolution:

“3. RESOLVED, to approve an increase in the number of equity securities that can be issued by the Company during the 10% Placement Period by up to 10% of the outstanding ordinary shares, in accordance with and as calculated under ASX Listing Rule 7.1A.”

Vote Required

Proposal 3 is a “special resolution” under ASX Listing Rule 7.1A and therefore requires approval of requires approval of holders of 75% of the ordinary shares voted in person or by proxy at the Annual Meeting on the matter.

Voting Exclusion Statement

The Company will disregard any votes cast on this Proposal by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of ordinary shares and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) 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 card/voting instruction card; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy card /voting instruction card to vote as the proxy decides.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

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, 2016. 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, 2017 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, 2017 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.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

PROPOSAL 5

RATIFICATION OF THE ISSUE OF PLACEMENT SHARES

Background

On November 22, 2017, the Company announced that it had completed a placement raising an aggregate of A\$2,119,500 (before costs) by the issue of:

- (a) 6,478,000 shares at an issue price of A\$0.25 each to sophisticated or professional investors who are not related parties to the Company (**Placement Shares**); and
- (b) 2,500,000 shares at an issue price of A\$0.20 each to MMJ Phytotech Ltd (**Strategic Investor**) (**Strategic Investor Placement Shares**).

The Placement Shares and Strategic Investor Placement Shares were issued in the form of CDIs.

The Company also announced on November 22, 2017, that it had agreed to issue, subject to the receipt of prior shareholder approval:

- (c) 1,250,000 options to the Strategic Investor (**Strategic Investor Options**); and
- (d) 5,000,000 options to the lead manager of the placement (**Lead Manager Options**).

Proposal 5 seeks shareholder approval for the ratification of the issue of the Placement Shares, pursuant to and in accordance with ASX Listing Rule 7.4.

Proposal 6 (below) seeks shareholder approval for the ratification of the issue of the Strategic Investor Placement Shares, pursuant to and in accordance with ASX Listing Rule 7.4.

Proposal 7 (below) seeks shareholder approval for the issue of the Strategic Investor Options, pursuant to and in accordance with ASX Listing Rule 7.1.

Proposal 8 (below) seeks shareholder approval for the issue of the Lead Manager Options, pursuant to and in accordance with ASX Listing Rule 7.1.

ASX Listing Rules 7.1 and 7.4

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 7.4 provides an exception to ASX Listing Rule 7.1, and provides that where shareholders ratify the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1.

The effect of Proposals 5 to 8 (inclusive) will be to allow the Company to retain the flexibility to issue equity securities in the future in an amount up to 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Specific information required by ASX Listing Rule 7.5.

In accordance with ASX Listing Rule 7.5, information is provided as follows:

- (a) 6,478,000 Placement Shares were issued on November 22, 2017.
- (b) The Placement Shares were issued at a price of A\$0.25 each.
- (c) The Placement Shares were issued to sophisticated or professional investors, none of whom were related parties of the Company.
- (d) The Placement Shares were issued in the form of CDIs. The underlying Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing ordinary shares on issue.
- (e) The issue of the Placement Shares raised A\$1,619,500 (before costs). The Company intends to use the funds raised to fund the ongoing sales and marketing of the Company's products, product development and general working capital requirements.
- (f) A voting exclusion statement is provided below.

Proposed Resolution

You are requested to adopt the following resolution:

"5. RESOLVED, to ratify the previous issue of 6,478,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.25 each, raising A\$1,619,500 (before costs), in accordance with ASX Listing Rule 7.4."

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.

Voting Exclusion Statement

The Company will disregard any votes cast on this Proposal by a person (and any associates of such a person) who participated in the issue of the Placement Shares any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) 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 card/voting instruction card; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy card /voting instruction card to vote as the proxy decides.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

PROPOSAL 6

RATIFICATION OF THE ISSUE OF STRATEGIC INVESTOR PLACEMENT SHARES

Background

As mentioned above in respect of Proposal 5, this Proposal 6 seeks shareholder approval for the ratification of the issue of the Strategic Investor Placement Shares, pursuant to and in accordance with ASX Listing Rule 7.4.

ASX Listing Rules 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is provided above in respect of Proposal 5.

Specific information required by ASX Listing Rule 7.5.

In accordance with ASX Listing Rule 7.5, information is provided as follows:

- (a) 2,500,000 Strategic Investor Placement Shares were issued on November 22, 2017.
- (b) The Strategic Investor Placement Shares were issued at a price of A\$0.20 each, with a right to one free-attaching option for every two Strategic Investor Placement Shares issued (with such options being the subject of Proposal 7).
- (c) The Strategic Investor Placement Shares were issued to MMJ Phytotech Ltd or

its nominees.

- (d) The Strategic Investor Placement Shares were issued in the form of CDIs. The underlying Strategic Investor Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing ordinary shares on issue.
- (e) The issue of the Strategic Investor Placement Shares raised A\$500,000 (before costs). The Company intends to use the funds raised to fund the ongoing sales and marketing of the Company's products, product development and general working capital requirements.
- (f) A voting exclusion statement is provided below.

Proposed Resolution

You are requested to adopt the following resolution:

"6. RESOLVED, to ratify the previous issue of 2,500,000 ordinary shares (in the form of CDIs) at an issue price of A\$0.20 each, raising A\$500,000 (before costs), in accordance with ASX Listing Rule 7.4."

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.

Voting Exclusion Statement

The Company will disregard any votes cast on this Proposal by a MMJ Phytotech Ltd or its nominees and any associate of those persons.

The Company will not disregard a vote if:

- (a) 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 card/voting instruction card; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy card /voting instruction card to vote as the proxy decides.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

PROPOSAL 7

APPROVAL OF THE ISSUE OF STRATEGIC INVESTOR OPTIONS

Background

As mentioned above in respect of Proposal 5, this Proposal 7 seeks shareholder approval for the issue of the Strategic Investor Options, pursuant to and in accordance with ASX Listing Rule 7.1.

ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is provided above in respect of Proposal 5.

Proposal 7 seeks shareholder approval for the issue of the Strategic Investor Options, pursuant to and in accordance with ASX Listing Rule 7.1.

Specific information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, information is provided as follows:

- (a) The maximum number of Strategic Investor Options to be issued is 1,250,000.
- (b) The Strategic Investor Options will be issued no later than three months after the date of the Annual Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The Strategic Investor Options are proposed to be issued on a free-attaching basis to the Strategic Investor Placement Shares (the subject of Proposal 6), and therefore will be issued to the Strategic Investor or its nominees.
- (d) The Strategic Investor Options will be issued on the terms and conditions set out below.
- (e) No funds will be raised from the issue of the Strategic Investor Options, as the Strategic Investor Options will be issued on a free-attaching basis to participants in the placement.
- (f) It is intended that issue of all the Strategic Investor Options will occur on the same date, on the date of the Annual Meeting or as soon as practicable after.
- (g) A voting exclusion statement is provided below.

Terms and conditions of Strategic Investor Options

(a) Entitlement

Each Strategic Investor Option entitles the holder to subscribe for one share

upon exercise of the Strategic Investor Option.

(b) **Exercise Price**

Subject to paragraph (j) below, the amount payable upon exercise of each Strategic Investor Option will be A\$0.30 (the “**Exercise Price**”)

(c) **Expiry Date**

Each Strategic Investor Option will expire at 5:00 p.m. Australian WST on the date that is 36 months from the date of issue (the “**Expiry Date**”). A Strategic Investor Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Strategic Investor Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the option certificate (the “**Notice of Exercise**”) and payment of the Exercise Price for each Strategic Investor 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 Strategic Investor Option being exercised in cleared funds (the “**Exercise Date**”).

(g) **Timing of issue of the shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

- (i) issue the number of shares required under these terms and conditions in respect of the number of Strategic Investor 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

shares 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 the shares issued pursuant to the exercise of the Strategic Investor Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the shares 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 Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

The shares issued on exercise of the Strategic Investor Options rank equally with the then issued shares of the Company.

(i) **Quotation of the Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the shares issued upon the exercise of the Strategic Investor Options.

(j) **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.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Strategic Investor Options on ASX.

(n) **Transferability**

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

(o) **CDIs**

References to "shares" in these terms and conditions are to be interpreted as references to "CDIs" as applicable.

Proposed Resolution

You are requested to adopt the following resolution:

"7. RESOLVED, to approve the issue of 1,250,000 Strategic Investor Options exercisable at A\$0.30 each, on or before three years after the date of issue, in accordance with ASX Listing Rule 7.1."

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.

Voting Exclusion Statement

The Company will disregard any votes cast on this Proposal by a person who may participate in the proposed issue of the Strategic Investor Options, and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed, and any associate of that that person (or those persons).

The Company will not disregard a vote if:

- (a) 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 card/voting instruction card; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy card /voting instruction card to vote as the proxy decides.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **"FOR"** THE ADOPTION OF THE FOREGOING RESOLUTION.

PROPOSAL 8

APPROVAL OF THE ISSUE OF LEAD MANAGER OPTIONS

Background

As mentioned above in respect of Proposal 5, this Proposal 8 seeks shareholder approval for the issue of the Lead Manager Options, pursuant to and in accordance with ASX Listing Rule 7.1.

ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is provided above in respect of Proposal 5.

Proposal 8 seeks shareholder approval for the issue of the Lead Manager Options, pursuant to and in accordance with ASX Listing Rule 7.1.

Specific information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, information is provided as follows:

- (a) The maximum number of Lead Manager Options to be issued is 5,000,000.
- (b) The Lead Manager Options will be issued no later than three months after the date of the Annual Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The Lead Manager Options are proposed to be issued in consideration for the services provided by the lead manager in connection with the recent placement undertaken by the Company, and therefore will be issued to the lead manager, Otsana Pty Ltd trading as Otsana Capital, or its nominees.
- (d) The Lead Manager Options will be issued on the terms and conditions set out below.
- (e) No funds will be raised from the issue of the Lead Manager Options, as the Lead Manager Options will be issued in consideration for services provided as described above.
- (f) It is intended that issue of all the Lead Manager Options will occur on the same date, on the date of the Annual Meeting or as soon as practicable after.
- (g) A voting exclusion statement is provided below.

Terms and conditions of Lead Manager Options

(a) **Entitlement**

Each Lead Manager Option entitles the holder to subscribe for one share upon exercise of the Lead Manager Option.

(b) **Exercise Price**

Subject to paragraph (j) below, the amount payable upon exercise of each Lead Manager Option will be A\$0.40 (the “**Exercise Price**”)

(c) **Expiry Date**

Each Lead Manager Option will expire at 5:00 p.m. Australian WST on the date that is 24 months from the date of issue (the “**Expiry Date**”). A Strategic Investor Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Lead Manager Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the option certificate (the “**Notice of Exercise**”) and payment of the Exercise Price for each Lead Manager 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 Lead Manager Option being exercised in cleared funds (the “**Exercise Date**”).

(g) **Timing of issue of the shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

(i) issue the number of shares required under these terms and conditions in respect of the number of Lead Manager 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 shares 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 the shares issued pursuant to the exercise of the Lead Manager Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the shares 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 Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

The shares issued on exercise of the Lead Manager Options rank equally with the then issued shares of the Company.

(i) **Quotation of the Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the shares issued upon the exercise of the Lead Manager Options.

(j) **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.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Lead Manager Options on ASX.

(n) **Transferability**

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

(o) **CDIs**

References to "shares" in these terms and conditions are to be interpreted as references to "CDIs" as applicable.

Proposed Resolution

You are requested to adopt the following resolution:

"8. RESOLVED, to approve the issue of 5,000,000 Lead Manager Options exercisable at A\$0.40 each, on or before two years after the date of issue, in accordance with ASX Listing Rule 7.1."

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.

Voting Exclusion Statement

The Company will disregard any votes cast on this Proposal by a person who may participate in the proposed issue of the Lead Manager Options, and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed, and any associate of that that person (or those persons).

The Company will not disregard a vote if:

- (a) 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 card/voting instruction card; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy card /voting instruction card to vote as the proxy decides.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE ADOPTION OF THE FOREGOING RESOLUTION.

REVIEW OF THE COMPANY’S FINANCIAL STATEMENTS FOR 2016

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, 2016. These financial statements are included in our annual report filed with the ASX on April 28, 2017, a copy of which is available on the ASX’s website at www.asx.com.au and on our website at www.esense-lab.com. These reports are not a part of this Proxy Statement. This item does not require a vote of the shareholders.

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 Chairman of the Board of Directors, Mr. Brendan de Kauwe, at the following address: 108 Outram Street, West Perth, Western Australia, 6005. For a shareholder proposal to be considered for inclusion in the Annual Meeting we must receive the written proposal no later than December 8, 2017 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 card 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 Chairman of the Board of Directors, Mr. Brendan de Kauwe, 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,

A handwritten signature in dark ink, appearing to read 'B. de Kauwe', with a long horizontal stroke extending to the right.

Dr. Brendan de Kauwe
Chairman of the Board of Directors

West Perth, Western Australia
November 24, 2017

LODGE YOUR VOTE



ONLINE

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 **3:00pm (WST) on Tuesday, 26 December 2017**, 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

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.

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

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 General Meeting of the Company to be held at **3:00pm (WST) on Friday, 29 December 2017 at 108 Outram Street, West Perth, Western Australia**, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

VOTING INSTRUCTIONS

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

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1a Re-election of Dr Brendan de Kauwe to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Ratification of the issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b Re-election of Haim Cohen to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Ratification of the issue of Strategic Investor Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1c Re-election of Eran Gilboa to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of the issue of Strategic Investor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1d Re-election of Ilan Saad to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval of the issue of Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approve the Compensation Policy for Officers and Directors for the Years 2017-2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Check "Yes" to confirm you are not a "controlling shareholder" of the Company under the Israel Companies Law and do not have a "personal benefit or other interest" in the approval of Proposal 2, as described in the Notice of the Meeting and Proxy Statement. If you do not mark this box your vote on this proposal will not be counted.				Yes	<input type="checkbox"/>		
3 Approval of Additional Equity Securities Issue Capacity Under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Reappointment of BDO Ziv Haft as the Company's Accounting Firm	<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.

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 PRX1704N

LODGE YOUR VOTE



ONLINE

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **3:00pm (WST) on Wednesday, 27 December 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

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



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

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 shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. 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: 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.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

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



X99999999999

PROXY FORM

I/We being a shareholder(s) of eSense-Lab Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (WST) on Friday, 29 December 2017 at 108 Outram Street, West Perth, Western Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1a Re-election of Dr Brendan de Kauwe to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Reappointment of BDO Ziv Haft as the Company's Accounting Firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b Re-election of Haim Cohen to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Ratification of the issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1c Re-election of Eran Gilboa to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Ratification of the issue of Strategic Investor Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1d Re-election of Ilan Saad to the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of the issue of Strategic Investor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approve the Compensation Policy for Officers and Directors for the Years 2017-2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval of the issue of Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Yes

☐

3 Approval of Additional Equity Securities Issue Capacity Under Listing Rule 7.1A

☐☐☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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