

Mr Ben Secrett  
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By email: [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au) and [Ben.Secrett@asx.com.au](mailto:Ben.Secrett@asx.com.au)

6 February 2018

Dear Ben

**eSense-Lab Ltd (ASX:ESE) ('Company') – Response to Query Letter**

I refer to the query letter from ASX dated 5 February 2018 ('Query Letter').

On behalf of the Company, I respond to the Query Letter as follows:

1. **With reference to section J [of the Query Letter], please explain the basis for the issue of the 9,537,503 CDIs the subject of the Appendix 3B [dated 29 January 2018] on conversion of Class C performance rights following the satisfaction of the Class C performance milestone.**

Satisfaction of Class C Milestone and Vesting of Class C Performance Rights

At its meeting on 19 January 2018, the board of the Company ('Board') resolved that the two agreements referred to in section 2 of this letter satisfied the milestone attaching to the Class C performance rights ('Class C Milestone'), as described in section 9.4(a)(iii) of the Company's Prospectus.

Accordingly, the Board was satisfied that the Class C Milestone had been satisfied. It is acknowledged that there was some ambiguity in the description of the terms attaching to the Performance Rights in the Company's Prospectus, and the one such reference is not accurate. Specifically, the Board considers that section 9.4(c), which suggests that the Company's Performance Rights are not capable of vesting (and therefore cannot be converted into CDIs) until two years from the date of the Company's admission to the Official List of ASX ('Admission'), is not correctly worded and does not reflect the intention of the Board at the time the Performance Rights regime was implemented.

The Board's intention was for all Performance Rights to vest, and be convertible into CDIs at the election of their holders, immediately upon the relevant milestones being satisfied, with any CDIs issued upon conversion classified as 'restricted securities' for the purpose of the ASX Listing Rules and escrowed until the end of the 24 month period from the date of Admission ('Escrow Period'). The Board's intention is supported by a number of factors, including:

- Various other references in the Prospectus to Performance Rights being converted into CDIs upon the relevant milestone being satisfied and thereafter subject to escrow for the balance of the Escrow Period. For example, footnote 5 in section 1.5 of the Prospectus states that "[e]ach Class C Performance Right will convert into one ordinary Share...upon satisfaction of the applicable milestone" and section 6.1(u) of the Prospectus states that "the Company anticipates that all of the...Performance Rights will be classified as restricted securities by ASX. Accordingly, on a fully dilute basis, assuming all Performance Rights...vest within the escrow period and are exercised...approximately 83.14% of the issued capital will be subject to...an escrow period of up to 245 months from the date of Official Quotation". Section 6 of the Investigating Accountant's Report attached to the Prospectus also states that "15 million Class C Performance Rights will vest and convert to ordinary shares when the Company signs binding



*distribution contracts worth A\$1.0 million to supply its reconstructed Terpene Profiles within 12 months of admission on the ASX".*

- The Restriction Agreements executed by the holders of Performance Rights in accordance with Listing Rule 9, which state that the Performance Rights *"and any fully paid ordinary shares issued on conversion"* of the Performance Rights are 'Restricted Securities' and subject to escrow restrictions for the duration of the Escrow Period. If the Performance Rights were not capable of being converted into CDIs during the Escrow Period, these references in the Restriction Agreements would not have been necessary.
- The general inconsistent use of the terms 'milestone', 'vesting' and 'conversion' in section 9.4 of the Prospectus, which are confusing and make it necessary to look to other factors (such as those above) to determine the actual terms of the Performance Rights. For example, section 9.4(e) of the Prospectus states that *"[u]pon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the Holder, vest and convert as follows..."* If a Performance Right has already vested, it is not necessary for the holder to make an election that it vest, and the Board considers that this sentence was intended to state that *"[u]pon satisfaction of the relevant Performance Right ~~vesting milestone~~, each Performance Right will vest and, at the election of the Holder, convert as follows..."*.

As noted in the Prospectus, once the Class C Performance Rights have vested, they are convertible into CDIs (and Class E Performance Rights) at the election of their holders.

After the Board resolved on 19 January 2018 that the Class C Milestone had been satisfied, the Company Secretary wrote to all holders of Class C Performance Rights to notify them of the milestone satisfaction. Prior to lodging the Appendix 3B on 29 January 2018, the Company Secretary received written confirmation from the holders of (in aggregate) 9,537,503 Class C Performance Rights that they wished to convert their Performance Rights into CDIs and Class E Performance Rights.

As there were a total of 15,000,000 Class C Performance Rights on issue prior to the conversion on 29 January 2017, the Company expects that more holders of Class C Performance Rights will elect to convert their Class C Performance Rights into CDIs and Class E Performance Rights in the short term.

ASX has also referred to section 9.4(f)(iii) of the Company's Prospectus, which states that the Class C performance rights will lapse if the relevant milestone has not been satisfied within 12 months of Admission. As the Board resolved on 19 January 2018 that the Class C Milestone had been satisfied, the lapsing date is not relevant.

It is noted that the reference to "12 months from the date of Admission" in the Class C Milestone is a reference to the entry into the relevant agreements, and not the date by which the revenue generated under those agreements is to be earned.

We also draw the attention of ASX to the point raised in section 3 below, namely that the CDIs which have been issued to the holders of Class C Performance Rights are subject to escrow restrictions in accordance with the relevant Restriction Agreements, and therefore cannot be transferred or otherwise disposed of for the balance of the Escrow Period.

**2. Please provide details of the binding distribution contracts for ESE's reconstructed terpene profiles which satisfy the performance milestone for the Class C performance rights.**

The following contracts were executed within 12 months of the admission of the Company to the Official List of ASX and have a cumulative value of at least A\$1 million. Accordingly, the entry into of these contracts by the Company satisfied the Class C Milestone:



- **Distribution & Sales Agreement with IC Access:** This agreement includes a binding obligation on IC Access to purchase at least A\$1.1 million worth of terpene strains from the Company over a three year period commencing prior to 30 September 2018. The Company announced its entry into this agreement on 15 January 2018.
- **Off-Take Agreement with Advanced Technology Management Private Limited ('ATM'):** This agreement requires ATM to purchase between US\$540,000 – US\$600,000 of terpene strains from the Company during the first year of the agreement term. The Company announced its entry into this agreement on 23 October 2017, and provided a further update on 22 January 2018 which confirmed that the term of the agreement had commenced on 14 January 2018.

To be clear, these were the two contracts that were specifically considered by the Board in reaching the conclusion that the Class C Milestone had been satisfied. However, the IC Access contract alone was sufficient to satisfy the Class C Milestone given it is a binding agreement with a value of more than A\$1 million.

- 3. Please confirm that the 9,537,503 CDIs the subject of the Appendix 3B issued on conversion of the Class C performance rights are subject to the remaining 24 months of ASX imposed escrow period originally applied to the Class C performance rights.**

I confirm that the 9,537,503 CDIs issued on conversion of the relevant Class C performance rights on 29 January 2018 are subject to escrow for the remainder of the 24-month ASX imposed escrow period originally applied to the Class C performance rights.

- 4. Please provide a status update (including the value of any orders delivered and any revenue generated to date) on each of the following arrangements entered into by ESE, and the website for each counterparty:**
- 4.1. The purchase order from Allor Vaporizers LLC.
  - 4.2. The memorandum of understanding with Healthy Chocolate Florida LLC.
  - 4.3. The memorandum of understanding with Wild Rogue Extracts LLC.
  - 4.4. The agreement with Advanced Technology Management Private Limited.
  - 4.5. The agreement with IC Access.

Please refer to the table in the Appendix to this letter, which sets out the requested information.

- 5. Please explain why ESE's 2017 annual general meeting, initially scheduled for 29 November 2017, has been postponed twice, first to 29 December 2017 and subsequently to 15 February 2018.**

The reasons for the Company's 2017 annual general meeting ('AGM') being postponed from 29 November 2017 to 29 December 2017, and subsequently to 15 February 2018, are set out in the announcements released by the Company on 24 November and 29 December 2017 respectively. To repeat the matters disclosed in those announcements:

- The first postponement was a result of the board of the Board resolving to include additional resolutions on the agenda for the AGM. This required a postponement to ensure that shareholders were given sufficient notice of all resolutions, as required by Israeli law.
- The second postponement was a result of a number of significant Israel-based securityholders notifying the Board that they did not receive the notice of meeting, voting instruction cards or proxy forms for the postponed AGM. The Board therefore resolved to postpone the meeting for a second time to ensure that such securityholders would be able to exercise their voting rights.



- 6. Please confirm that ESE intends to hold its 2017 annual general meeting on 15 February 2018, at which the business as set out in ESE's announcement of Friday, 24 November 2017 will be conducted.**

The Board is currently working through a number of matters in relation to the AGM with its Israeli legal advisers, which have been complicated by the fact that certain securityholders in the Company have requisitioned an extraordinary general meeting of the Company to, amongst other things, alter the composition of the Board ('**Requisition**').

The Board is mindful of complying with its obligations under Israeli law (as well as the ASX Listing Rules) in connection with both the AGM and the Requisition, and also wishes to provide a fair opportunity for all relevant parties to be heard in connection with the resolutions set out in the Requisition. To that end, the Board has scheduled a meeting for Thursday 8 February (Israel time) to consider the position in relation to the AGM and the Requisition. While no decision will be made prior to that meeting, one option the Board will consider at the meeting is whether a single shareholder meeting can be held at which all resolutions to be voted on at the AGM and the Requisition meeting can be dealt with. This will necessitate the AGM being postponed until March 2018. This position is in compliance with advice received from the Company's Israeli lawyers.

Accordingly, the Company is not able to give this confirmation at this time, but will provide a further update to ASX on Friday 9 February 2018, following the Board meeting on Thursday 8 February.

- 7. Please advise the notice period to securityholders required under Israel Companies Law, 5759-1999 to hold an annual general meeting.**

Under the *Israel Companies Law, 5759-1999*, and the regulations issued thereunder, the Company is required to provide a minimum of 35 days notice to securityholders of the date of its annual general meeting.

**7.1 If this period is shorter than the length of the postponement from 29 December 2017 to 15 February 2018, please explain the basis for the length of postponement.**

The postponement from 29 December 2017 to 15 February 2018 exceeds the minimum 35 day notice period referred to above. In this instance, the Board chose to extend the postponement for a longer period to allow sufficient time to work with its Share Registry, Link Market Services, to understand why the Israeli securityholders referred to in section 6 above had not received the meeting documentation, and to ensure that the problem did not re-occur in respect of the postponed meeting.

- 8. Please confirm that ESE is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

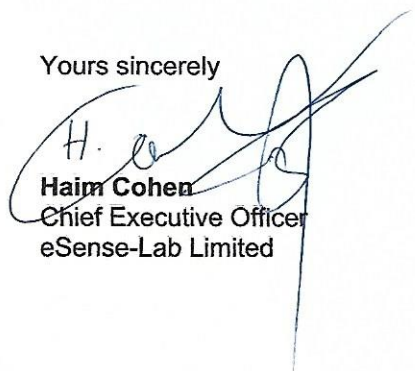
I confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

- 9. Please confirm that ESE's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ESE with delegated authority from the board to respond to ASX on disclosure matters.**

I confirm that the responses set out in this letter have been approved by a majority of the directors of the Company prior to this letter being submitted to ASX.

I trust this letter answers the Query Letter to the satisfaction of ASX. Please contact me if you have any further queries.

Yours sincerely



**Haim Cohen**  
Chief Executive Officer  
eSense-Lab Limited



## Appendix – Status of Key Contracts

No.	Counterparty	Website	Status Update	Orders Delivered	Revenue Earned
1.	Allor Vaporizers LLC (Registered in Florida, USA)	<a href="https://allorvaporizers.com/">https://allorvaporizers.com/</a> <a href="http://www.skycloudterpenes.com/">http://www.skycloudterpenes.com/</a>	On 30 December 2017, the Company agreed to extend the term of its agreement with Allor until the end of September 2018.  To date, Allor has ordered and paid for US\$85,000 worth of products. It remains contractually bound to purchase the remaining \$385,000 worth of product from the Company by September 2018.	US\$85,000.00	US\$85,000.00
2.	Healthy Chocolate Florida LLC (Registered in Florida, USA)	<a href="http://www.4noguilt.com">http://www.4noguilt.com</a>	The Company has received the first prototype of terpene-infused chocolate from Healthy Chocolate. Following its initial quality tests, the Company has decided to refine the product by lowering the terpene percentage, and has been testing the formulation with additional terpene strains. The Company is also evaluating the quality of the product by means of stability and composition of the infused terpenes.	NIL	NIL
3.	Wild Rogue Extracts LLC (Registered in Oregon, USA)	<a href="http://www.wrextracts.com/">http://www.wrextracts.com/</a>	Wild Rogue is continuing to work on developing the final product as contemplated by the Memorandum of Understanding. As at the date of this letter, no definitive agreement has been signed.	NIL	NIL
4.	Advanced Technology Management Private Limited (Incorporated in Singapore - registration number 201334655Z)	<a href="http://www.advancedtech.sg">http://www.advancedtech.sg</a>	As noted in the Company's announcement of 22 January 2018, ATM only recently obtained the approvals it requires to market, sell and distribute the Company's products within Singapore, and the initial term of the agreement between the Company and ATM therefore only commenced on 14 January 2018.  While ATM is required to order between US\$540,000 – US\$600,000 worth of product from the Company during the first 12 months of the term of this agreement, no orders have been received as at the date of this letter. Given that the approvals were only satisfied in the last 2 weeks, this is consistent with the Company's expectations.	NIL	NIL
5.	IC Access (Incorporated in the United Arab Emirates - registration number 4052)	As far as the Company is aware, IC Access does not have a website.	As noted in the Company's announcement of 15 January 2018, IC Access is committed to purchasing terpene strains from the Company with a value of at least A\$1.1 million over the three year term of the agreement, with at least A\$366,000 to be purchased within each year of the term.  As at the date of this letter, IC Access has not placed any orders for product with the Company. However, as the agreement was only signed in January 2018, and does not require IC Access to submit its first purchase order until 30 September 2018, this is consistent with the Company's expectations.	NIL	NIL



5 February 2018

Ian Pamensky  
eSense-Lab Ltd  
8 Pinchas Sapir Street  
NESS TZIONA 7403631 ISRAEL

By email

Dear Mr Pamensky

**ESENSE-LAB LTD ("ESE"): QUERY LETTER**

ASX Limited ("ASX") refers to the following.

A. ESE's announcement entitled "Appendix 3B" released on the ASX Market Announcements Platform ("Platform") at 9.30am AEDT on Monday, 29 January 2018, disclosing, amongst other things, that ESE had done the following.

- Issued 9,537,503 CHESS Depository Interests ("CDIs") on conversion of Class C performance rights following satisfaction of the Class C performance milestone. The Appendix 3B notes that the purpose of the issue is as follows.

*"1. Conversion of 1 Class C Performance Rights to 1 CDI's pursuant to performance milestones (Company signs binding distribution contracts for its reconstructed terpene Profiles with a cumulative value of A\$1 million within 12 months from the date of listing on the ASX. The Company listed on the ASX on 14 February 2017. The PRs once converted will be Escrowed to 14 February 2019.) being satisfied."*

- Issued 6,429,111 Class E performance rights on conversion of Class C performance rights into CDIs.

B. ESE's announcement entitled "eSense-Lab signs AU\$1.1m Distribution and Sales Agreement" released on the Platform on Monday, 15 January 2018, disclosing, amongst other things, the following.

*"Binding Distribution and Sales Agreement signed with IC Access ("IC")*

*Minimum commitments of AUD\$1.1 million over 3 years*

*Each year minimum commitment valued at AUD\$366,000*

*Life sciences company eSense-Lab Ltd ("eSense" or the "Company"), (ASX: ESE, is pleased to announce the signing of a distribution and sales agreement with IC ACCESS ("IC"), a United Arab Emirate's ("UAE") entity. eSense has agreed to produce Terpenes profiles and to modify its line of products to suit the unique needs of the UAE market. In addition, the agreement provides for the potential future development of additional joint ventures between the parties for specific applications.*



*The binding agreement signed by IC is for a period of 3 years, with a commitment by IC to purchase Terpene Strains from eSense totalling AUD\$ 1,100,000 with a minimum commitment in the first year (commencing before 30 September 2018) of AUD\$366,000."*

- C. ESE's announcement entitled "eSense signs Binding Off-Take Agreement" released on the Platform on Monday, 23 October 2017, disclosing, amongst other things, the following.

*"Binding Conditional Off-take Agreement valued at a minimum of US\$540,000 to US\$600,000 within the first 12 months*

*Life sciences company eSense-Lab Ltd ("eSense" or the "Company"), (ASX:ESE), is pleased to advise that it has signed a Binding Off-take Agreement ("Agreement") with Singapore strategic partner, Advanced Technology Management Private Limited ("ATM"), for the distribution of eSense's product line within Singapore ("Territory").*

*Pursuant to the terms of the agreement, ATM has agreed to purchase a minimum quantity of eSense's products within the first 12 months. ATM will pay a pre-determined price depending on the type of product or formulation, with the value of the Agreement based on the minimum commitments being between US\$540,000 and US\$600,000 (depending on the type of products purchased)."*

- D. ESE's announcement entitled "Company Update" released on the Platform on Tuesday, 26 September 2017, disclosing, amongst other things, the following.

*"Allor – Currently receipts of US\$85,000 from customized profiles, from US\$470,000 contracted for fulfillment by 30 December 2017"*

- E. ESE's announcement entitled "eSense signs MOU with US Cannabis Concentrate Producer" released on the Platform on Tuesday, 25 July 2017, disclosing, amongst other things, the following.

*"eSense signs MOU with U.S. cannabis concentrate producer and product development company, Wild Rogue Extracts LLC*

*eSense expands its footprint in the \$4.5B U.S. retail cannabis market*

*Life sciences company eSense-Lab Ltd ("eSense" or the "Company"), (ASX: ESE), is pleased to announce that it has executed a Memorandum of Understanding (MOU) with U.S. cannabis concentrate producer and product development company, Wild Rogue Extracts LLC ("Wild Rogue").*

*Wild Rogue will purchase initial quantities of eSense's terpene profiles for development purposes, with a definitive agreement to be finalized the post-development phase, outlining the ongoing pricing and quantities as determined by the end use applications (Definitive Agreement). Each party will retain its respective intellectual property (IP), with consideration to share any future jointly developed IP.*

*Wild Rogue will market eSense's existing terpene profiles to its clients, and will be entitled to certain commissions in the event of sales from any introductions, to be detailed in the Definitive Agreement."*

- F. ESE's announcement entitled "eSense enters US Cannabis Food and Beverage Market" released on the Platform on Tuesday, 13 June 2017, disclosing, amongst other things, the following.

*"Strengthens its footprint in the \$4.5B U.S. Retail Cannabis Market via its next vertical in cannabis edibles*





Life sciences company eSense-Lab Ltd (“eSense” or the “Company”), (ASX: ESE), is pleased to announce that it has executed a Memorandum of Understanding (MOU) with U.S. food manufacturer Healthy Chocolate Florida LLC (“HCF”).

Commenting on the announcement, eSense-Lab’s CEO Haim Cohen, said: “After our entrance in the medical cannabis market and delivering our initial sales contract, we are extremely pleased with this new agreement. The MOU with HCF is a stepping stone for our entrance into the lucrative food and beverage sector and provides potential for an additional revenue stream for the Company. Our terpenes can be used in the same way food additives are used enabling almost endless cannabis related applications, and provide new exciting growth opportunities.”

- G. ESE’s announcement entitled “eSense Commences Commercial Delivery to Customer” released on the Platform on Friday, 28 April 2017, disclosing, amongst other things, the following.

*“Life sciences company eSense-Lab Ltd (“eSense” or the “Company”) (ASX: ESE) is pleased to advise it has commenced the delivery of its initial commercial order to US electronic vaporizer company Allor Vaporizers (“Allor”).*

*As outlined in its IPO prospectus, eSense signed a commercial agreement with Allor Vaporizers, a US electronic vaporizer company, for the supply of e-liquids comprising the Company’s reconstructed cannabis terpene profiles, with a total order value of ~US\$470,000.”*

- H. ESE’s announcement entitled “ASX Notice” released on the Platform on Friday, 10 February 2017, disclosing that ESE was admitted to the official list of ASX on Friday, 10 February 2017 and that official quotation of ESE’s securities would commence on Tuesday, 14 February 2017.

- I. The following section of ESE’s replacement prospectus dated 22 December 2016 (“Prospectus”).

*“7.10 Allor Vaporizers Purchase Order*

*In September 2016, the Company entered into Terms and Conditions of Sale (Terms) with Allor Vaporizers (Customer), an electronic vaporizer company based out of South Florida, United States.*

*The Company has been provided with a purchase order from the Customer pursuant to which the Customer has ordered US\$470,000 worth of the Company’s cannabis Terpene Profiles. Although the purchase order does not specify an ‘end date’ by which the order must be satisfied, its intention is to satisfy the order in April 2017.”*

- J. The following section of ESE’s Prospectus.

*“9.4 Terms and conditions of Performance Rights*

*(a) Milestones*

*The Performance Rights shall have the following milestones attached to them (Milestones):*

- (iii) Class C Performance Rights: if the Company signs binding distribution contracts for its reconstructed Terpene Profiles with a cumulative value of A\$1 million within 12 months from the date of Admission [defined in the Prospectus as*



*“admission of the Company to the Official List, following completion of the Offer.”];*

(c) *Vesting*

*The relevant Performance Rights shall vest on the later to occur of:*

- (i) the date that the Milestone relating to that Performance Right has been satisfied;*
- (ii) two years from the date of Admission; and*
- (iii) the date that the Holder gives a notice to the Company confirming that the Holder would like the Performance Rights to vest.*

(f) *Lapse of a Performance Right*

*If the Milestone attaching to a Performance Right has not been satisfied in the time periods set out below, it will automatically lapse:*

- (iii) Class C Performance Rights: 12 months from the date of Admission;”*

K. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

L. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

*“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

M. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*





- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

N. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, ASX asks ESE to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A.

1. With reference to section J above, please explain the basis for the issue of the 9,537,503 CDIs the subject of the Appendix 3B on conversion of Class C performance rights following satisfaction of the Class C performance milestone.
2. Please provide details of the binding distribution contracts for ESE's reconstructed terpene profiles which satisfy the performance milestone for the Class C performance rights. Please provide a copy of the relevant contracts (and any other supporting documentation which demonstrates satisfaction of the performance milestone). This documentation is not for release to the market, and accordingly it should be provided at the same time as ESE's response to this letter but separately to the response.
3. Please confirm that the 9,537,503 CDIs the subject of the Appendix 3B issued on conversion of the Class C performance rights are subject to the remaining 24 months of ASX imposed escrow period originally applied to the Class C performance rights.

Please provide supporting documentation for this confirmation – this documentation is not for release to the market, and accordingly it should be provided at the same time as ESE's response to this letter but separately to the response.

4. Please provide a status update (including the value of any orders delivered and any revenue generated to date) on each of the following arrangements entered into by ESE, and the website for each counterparty.

Please provide a copy of the relevant contracts (or other documentation evidencing the arrangements) – this documentation is not for release to the market, and accordingly it should be provided at the same time as ESE's response to this letter but separately to the response.

- 4.1. The purchase order from Allor Vaporizers LLC.
- 4.2. The memorandum of understanding with Healthy Chocolate Florida LLC.
- 4.3. The memorandum of understanding with Wild Rogue Extracts LLC.
- 4.4. The agreement with Advanced Technology Management Private Limited.



4.5. The agreement with IC Access.

5. Please explain why ESE's 2017 annual general meeting, initially scheduled for 29 November 2017, has been postponed twice, first to 29 December 2017 and subsequently to 15 February 2018.
6. Please confirm that ESE intends to hold its 2017 annual general meeting on 15 February 2018, at which the business as set out in ESE's announcement of Friday, 24 November 2017 will be conducted.
7. Please advise the notice period to securityholders required under Israel Companies Law, 5759-1999 to hold an annual general meeting.
  - 7.1. If this period is shorter than the length of the postponement from 29 December 2017 to 15 February 2018, please explain the basis for the length of postponement.
8. Please confirm that ESE is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that ESE's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ESE with delegated authority from the board to respond to ASX on disclosure matters.

#### ***When and where to send your response***

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 6.00am AWST on Wednesday, 7 February 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in ESE's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ESE's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au). It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### ***Listing Rules 3.1 and 3.1A***

In responding to this letter, you should have regard to ESE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that ESE's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### ***Trading Halt***

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ESE's securities under Listing Rule 17.1.





If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me if you have any queries about the above.

Yours sincerely

*[sent electronically without signature]*

Ben Secrett  
**Senior Adviser, ASX Listings Compliance**