



QUARTERLY REPORT

30 April 2018

ASX Code: **ESE**

No. of pages: 14

QUARTERLY REPORT - FOR THE PERIOD ENDED 31 MARCH 2018

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 31 March 2018 (8 pages)
- Appendix 4C for the period ended 31 March 2018 (5 pages)

For and on behalf of the Board

Ian Pamensky
Company Secretary

FOR FURTHER INFORMATION:

Company Secretary

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About eSense-Lab

eSense-Lab Ltd (ASX: ESE) is a life sciences company specialising in the commercialisation of the phytochemical profiling of plants. The Company combines genetics, mRNA, protein expression and phytochemical profiles to generate a comprehensive model of rare or high value plants. eSense-Lab can then use this model to 'reverse engineer' a terpene profile, which is a naturally occurring formulation of different individual terpenes which together account for many of the plant's health and medical benefits, whilst also exactly replicating the flavour, fragrance and other desired characteristics of the targeted plant, at a more sustainable and cheaper cost

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

ASX ANNOUNCEMENT

ASX Code: ESE

30 April 2018

ESENSE-LAB QUARTERLY ACTIVITIES REPORT – 31 MARCH 2018

- *Binding agreement executed with IC ACCESS to develop products for the UAE market*
- *ATM Singapore obtains approvals allowing commencement of sales & distribution of eSense's product line within Singapore*
- *MOU signed with Progressive Brands, a company based in Netherlands with a brewery in Greece (Corinthian Brewery) to develop terpene-infused line of beer*
- *Progress in R&D shows clear antioxidant activity with the Company's terpene strains*
- *Progress in R&D shows clear anti-inflammatory activity with the Company's terpene strains*
- *Results of AGM, EGM and Board changes*
- *Access to Australian bank accounts secured*

Life sciences company **eSense-Lab Ltd** ("**eSense**" or the "**Company**"), (**ASX:ESE**), is pleased to provide an update on the Company's activities for the quarter ended 31 March 2018, along with the Appendix 4C.

eSense is proud of the technology achievements and breakthroughs that have been made in the past quarter. eSense has achieved new research and development milestones which should assist in significantly strengthening its IP, as well as seeking new opportunities across revenue-generating markets. This includes the recently announced clear anti-inflammatory and antioxidant activity with the Company's terpenes strains.

In Israel, eSense has recently commissioned a new Research and Development (R&D) laboratory. Israel is regarded as the global leader in medical cannabis research, due to the fact that it has the highest number of PHD's per capita in the world and has a very favourable regulatory climate for doing serious scientific research. Israeli scientists are leading in the field of cannabis genetics with a rich IP bank of cannabis patents.

The Company is focused on development and upgrade of its plant profiling technology. eSense technology "*reverse engineers*" rare or high-value plants, and reconstructs the terpene profile of that plant, using alternate natural sources, in a more cost-effective and sustainable way.

Terpenes are naturally occurring compounds which account for the flavour and fragrance of plants. eSense's technology creates a reconstructed terpene profile replicates the flavour, fragrance and other desired characteristics of the targeted plant to a similarity of 99.9%.

eSense's initial focus has been on the cannabis plant, however future high-value target plants include ginseng, saffron and other medicinal plants and spices.

The following business activities occurred during the quarter:

- eSense signed a distribution and sales agreement with IC ACCESS ("IC"), a United Arab Emirates ("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 A\$366,000. IC have provided no further updates.

To the best of the Company's knowledge, IC ACCESS is a boutique marketing and distribution firm. That company operates in the UAE and it aims to provide a full platform for foreign companies that aim to work in UAE. The company provides consulting, marketing plans, concepts design and re branding based on its experience and its strong connections in UAE. IC Access offers to take care on behalf of its clients through all the supply chain starts with import until the marketing of the product through local distributors, chains or shops.

- Further to an agreement announced on 23 October 2017, Singaporean strategic partner Advanced Technology Management Private Limited (ATM) has advised that it has obtained the necessary approvals for marketing, sales and distribution within Singapore as part of its Off-take Agreement for sales distribution of eSense's product line. Marketing, sales and distribution activities are expected to commence in the upcoming months.

ATM must purchase a minimum quantity of eSense's products. 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).

Initial marketing activities will see ATM approach businesses in various sectors to formulate final products. Once developed, ATM and its customers will pursue clearance from respective country authorities where the customer (buyer) deems legally necessary.

- The Company signed a MOU with Progressive Brands BV (PBB), a Netherlands-based alcoholic beverages developer and manufacturer with a brewery in Greece (Corinthian Brewery).

To the best of the Company's knowledge, Corinthian Brewery is the first microbrewery in the ancient Cretan city of Corinth. The beers produced are unpasteurised and unfiltered.

Under the terms of the MOU, eSense and PBB will collaborate to develop a terpene-infused line of alcoholic beverages.

Under the terms of the MOU, eSense and PBB will collaborate to develop a terpene-infused line of alcoholic beverages.

- The Company has achieved progress in its Research and Development ("R&D") activity demonstrating a robust antioxidant activity for its medical cannabis terpene blends, manifested by a dose response of up to 5%. Terpenes are responsible for the aroma of cannabis.

eSense conducted a serial of testing for an antioxidant activity across its medical cannabis terpene blends including Girl Scout Cookies, OG-Kush, Sour Diesel, Jack Herer, Daniel, Super Lemon Haze, Gorilla Glue, Chees and Granddaddy Purple.

A clear antioxidant activity could be seen for each one of the tested blends. Girl Scout Cookies, OG-Kush, Sour Diesel, Jack Herer and Daniel presented the most potent antioxidant activity, while Super Lemon Haze, Gorilla Glue, Chees and Granddaddy Purple were slightly weaker but still significantly active. Chees and Gorilla Glue were tested in alignment with similar competitor's formulations and were found to be dramatically more potent in terms of antioxidant activity.

Moreover, a full terpene profile is required to efficiently deliver an anti-oxidant effect, supporting the entourage notion related to Cannabis terpenes.

- The Company has achieved progress in its Research and Development (“R&D”) activity demonstrating a robust anti-inflammatory activity for its medical cannabis terpene blends.

eSense conducted a serial of testing for an anti-inflammatory activity across its medical cannabis terpene blends including Girl Scout Cookies, OG-Kush, Sour Diesel, Jack Herer, Daniel, Super Lemon Haze, Gorilla Glue, Chees and Granddaddy Purple.

Macrophages cells were stimulated with an inflammatory stimulant and tested for the secretion of inflammatory cytokines (TNF-Alpha and Nitric Oxide) in the presence or absence of eSense's terpene blends. A clear and robust anti-inflammatory effect could be seen in the presence of 6 out of the 9 tested blends manifested by a dose response suppression of cytokine secretion. Blends such as OG-Kush, Sour diesel, Granddaddy purple, and Daniel managed to suppress Nitric oxide secretion with an inhibitory percentage ranging between 71%-88%. Such inhibitory effect was either similar or better in comparison to the inhibitory effect obtained by a known bench marker in the field (known Anti-inflammatory drug).

- Notwithstanding the agreements which are in place with relevant customers, a number of clients have postponed activities and further progress until they have a better understanding of the Company's situation. The Company has renewed discussions and negotiations with its clients and aims to continue progressing in accordance with the agreements and MOU's previously signed.

Research and Development activities and updates for the quarter:

- Lab operation and gas chromatography built on a mass spectrometric detection unit (GC-MS¹) activity
 - The Company's fully equipped laboratory is now operational, and the Company is working to expand the R&D activity.
 - Fully operated GC/MS system with activity around:
 - Building the company's own unique terpene library. Forty terpenes have been already characterised and incorporated in to the library. Work is ongoing to expand the library.
 - Refining the Company's terpene profiles to achieve more accurate terpene formulations- Ongoing collaboration with US based 374 Labs² to refine the Company's first five cannabis strains based on old and new generated terpene analysis.
- Ongoing research and development activity
 - eSense's shelf products (nine terpene formulations) have been selected to enter into a pre-clinical evaluation of:

¹ https://en.wikipedia.org/wiki/Gas_chromatography-mass_spectrometry

² <http://www.374labs.com>

- a) Anti-inflammatory activity - Testing the effect of each formulation on the secretion of inflammatory mediators from macrophages was completed (A well-known cellular model representing the immune system)
 - b) Bioavailability of Cannabidiol³ ("CBD") - Testing the effect of each formulation on CBD transfer through lipid membranes is in progress.
 - c) Anti-Bacterial activity - Testing the anti-bacterial potential of our terpene formulations is in progress.
 - d) Anti-Oxidant activity - Testing the anti-oxidant potential of our terpene formulations was completed.
- Preparing terpene-based e-liquid formulations for client, Allor Vaporizers LLC and other customers Including:
 - a) Formulating a terpene/flavor mixture - Various flavors (known fruits and herbals) were matched to each one of eSense terpene blends based on their strain characteristics. Flavors were formulated in various ratios to achieve best balance between terpene aroma and flavor's taste is in progress.
 - b) Preparing terpene/flavor mixtures in e-Cig end formulations for customer tests including determination of PG/VG ratios coupled with formulation methods to achieve most balanced and stabilized end e-liquid formulations incorporated with terpenes and flavors was completed.
 - c) Preparing unique terpene/flavor mixtures with cannabis oil for vaping- Collaboration with ongoing customer is in progress.
- Production plan
 - The Company has engaged Bailrom⁴, an international flavour and fragrance company for the food industry. Bailrom has a fully operational manufacturing facility dedicated to the Company's needs.
 - Balirom has been selected as the Company's toll manufacturer with capabilities to manufacture up to 500 litres per day of terpene blends.

Marketing activities and updates for the quarter:

- The marketing Team has focused on seeking to achieve the following objectives:
 - Strengthen existing relationships with existing potential clients;
 - Develop a business plan for new products;
 - Establish re-seller agreements with US based companies;
 - Seek a US based e-liquid production facility; and
 - The e-liquid facility will use e-Sense-Lab's know how and products.
- Since the end of the first quarter, the Company has renewed discussions and negotiations with its clients and aims to continue progressing in accordance with the agreements and MOU's previously signed.

Subsequent to the quarter end:

- The Company paid strategic-investor MMJ PhytoTech Limited (MMJ) A\$199,000 after the recent AGM at which shareholders voted against the grant to MMJ of 1.25 million free options exercisable at A\$0.30 per share.

³ Cannabidiol—CBD—is a cannabis compound that has significant medical benefits, but does not make people feel "stoned" (<https://www.projectcbd.org/about/what-cbd>)

⁴ http://www.balirom.com/index.php?page_id=3

Since 25 January 2018, when shareholders, including an entity of which Dr de Kauwe is the sole shareholder and director) requested an EGM, the Company has spent a considerable amount of time and money on dealing with matters relating to AGM and EGM that took place on 29 March 2018, the board disputes and gaining access to the Company's bank accounts. During this period the general operations of the entity including research and development, sales & marketing and general administration continued on a reduced scale. During this period, the

Company has made a number of ASX announcements (See announcements on 31 January 2018, 9 March 2018 and 14 March 2018). During this period no staff have been laid off. The additional costs including legal fees, public relation costs, company secretarial fees were not budgeted and have impacted the Company's cash position. Details of the additional costs payable during the second quarter of 2018 are included in the attached Appendix 4C. While the Company's management continues to assess the full impact of the additional costs incurred, the Company notes that:

- the potential for further costs arising from the recent board disputes is not certain at this stage; and
- the impact of the additional costs already incurred may result in the Company having to review its capital raising strategy during the quarter.

Corporate

- eSense had cash reserves of US\$1.934 million as at March 31, 2018 and will continue to actively pursue its commercialisation strategy.
- In response to a query the Company received from the ASX on 26 March 2018, the Company announced that it did not have access to the funds that were deposited in the Australian bank accounts. Immediately following the AGM and EGM on 29 March 18, the Board of Directors resolved to change the signature rights on all bank accounts. As per the resolution and the banking rules set up, all banking transaction will require the authorisation of two Directors or Director and Company Secretary. Subsequent to the end of the quarter and following the change in the Board members and signature rights, the Company has been able to change the signatories on the bank accounts and has gained full access to these accounts.
- The Company announced that the Board acted in accordance with the terms of the Performance Rights previously issued and that the Board acted properly in authorising the issue of 9,537,503 CDIs and 6,429,111 Class E Performance Rights upon conversion of 9,537,503 Class C Performance Rights.

Subsequent to the announcement of the conversion and issue, the Company's Board of Directors resolved to cancel the conversion of the Class C Performance Rights and issue of the Class E Performance Rights. In order to avoid certain logistical constraints and expedite the effectiveness of the Board resolutions, the holders have agreed to waive their rights to vote and receive any distributions and irrevocably instructed Link Market Services to move the applicable CDIs and Class E Performance Rights to a separate sub-register of unlisted securities (while waiving all rights arising from such securities) in order to effectuate the Board's decision.

The applicable CDIs and Class E Performance Rights will remain on the separate sub-register of unlisted securities until a resolution of an authorized body of the Company to move such securities from the sub-register of unlisted securities.

- During the quarter the following Board and management changes occurred:
 - Mr. Ian Pamensky was appointed as the Company Secretary;
 - Mr. Benjamin Karasik was appointed as a director. Mr. Karasik is a founding shareholder and one of the largest shareholders in the Company. He has over 40 years' experience in

business development in many segments and industries across the world and has been a founder of more than 20 medical start-ups;

- The Company's Board resolved to appoint Mr. Ilan Saad as the Chairman, replacing Mr. Brendan de Kauwe. Mr. Saad has been a director of the Company since October 2016;
 - Mr. Quentin Megson resigned as Non-Executive Director of the Company;
 - The proposed resolution for Dr. Brendan de Kauwe to be elected as a director on the Company's Board was voted down by shareholders at the AGM and EGM, both held on 29 March 2018. As such, Dr. de Kauwe is no longer a director.
- At a Board meeting, following concerns raised by other directors that certain actions of then-director, Dr. de Kauwe, the Board authorised its Audit Committee to appoint an independent third-party examiner to investigate the conduct of Dr. de Kauwe in relation to the Company.

On March 7, 2018, the Audit Committee appointed Mr. Doron Rozenblum (CPA), a Managing Partner of the Kreston IL Group, a member firm of Kreston International, to serve as the independent examiner. Mr. Rozenblum has over 25 years of experience as an internal auditor, and his firm provides services to major clients as listed companies in Israel. He is the Vice President of the Institute of Internal Auditors in Israel.

The investigation being conducted by Mr. Rozenblum is expected to cover various aspects of Dr. de Kauwe's conduct in relation to the Company.

- On March 21, 2018, the Company commenced an originating motion proceeding in the Central District Court in Lod, Israel (the "Court") against former Director, Dr. Brendan de Kauwe.

In the context of the proceedings (the "Originating Motion"), the Company requested that the Court instruct Dr. de Kauwe to comply with the resolution of the Board of Directors of January 19, 2018, regarding the change in the Company's signature rights regarding the Company's Australian bank accounts which prevented the funding of the Company's ongoing operations in accordance with its approved budget and ongoing needs.

Concurrently with the commencement of the Originating Motion, and in the context of the same proceedings, the Company filed a request for the granting of a temporary remedy on an ex parte basis, in which the Court was asked to instruct Dr. de Kauwe to sign the documents required by the Company's Australian bank, in order to allow funds to be transferred from the Company's Australian bank account to the Company's Israeli bank account, as required by the Company in order to comply with its immediate and urgent obligations (the "Request for Temporary Relief").

On April 4, 2018, following a request filed by the Company, and after receiving a response from Dr. de Kauwe Israeli counsel, the Court ruled that the service of the statement of claim and the Request for Temporary Relief to Dr. de Kauwe's representatives in Israel constitutes lawful service of documents.

On April 9, 2018, the Company notified the Court that the Company's Australian Bank had agreed to transfer funds from the Company's Australian account to the Company's Israeli bank account, following Dr. de Kauwe not being re-elected to serve as a director. The Company informed the Court that due to this change in circumstance, the Request for Temporary Relief may be unnecessary, and therefore requested that the Court suspend the hearing on the Request for Temporary Relief and to grant the Company a seven-day stay to inform the Court regarding the need for a hearing and a decision in this regard. On April 10, 2018, counsel to Dr. de Kauwe submitted a response on his behalf to the Company's aforementioned request, in which Dr. de Kauwe requested that the Court reject or erase the Request for Temporary Relief, on the grounds that further proceedings in this regard had been made redundant, and also require the Company to bear the expenses he incurred as a result of the proceedings.

On April 18, 2018, the Company requested that the Court grant it an additional 14-day stay for the purpose of deliberating the necessity of the Request for Temporary Relief and the remedies requested therein, inter alia, in light of the discussions between the parties, which may make the need for the proceeding unnecessary.

- On February 11, 2018, two then-Directors, Dr Brendan de Kauwe and Mr Quentin Megson, commenced proceedings in Israel against the Company and the remaining Directors, seeking a number of remedies including the cancellation of the resolution replacing Dr Brendan de Kauwe as Chairman, an order to hold the AGM as previously scheduled and the cancellation of the decision to hold the AGM on 29 March 2018.

In an urgent Court hearing held in Lod, Israel on February 12, 2018, the Court rejected all of the motions brought by Dr de Kauwe and Mr Megson. In doing so, the Court found that the Board acted properly in passing the resolutions it passed on February 8, 2018 and ruled that the Company's AGM and EGM had to be held on March 29, 2018 (with any further changes to the date of the meeting requiring Court approval).

- In accordance with ASX Listing Rule 6.1 confirmation previously given to the Company, eSense provides the following disclosure for the March 2018 quarter. The terms and conditions of the Performance Rights are as disclosed with a summary as set out below.

Class of Performance Right	Number on Issue	Milestone	Date Milestone Achieved	Confirmation if any Rights converted during Period
Class A	3,000,000	If the volume weighted average market price of Shares calculated over the 20* consecutive trading days on which trades of Shares were recorded on ASX is A\$0.40 or higher.	n/a*	No
Class B	3,000,000	If the volume weighted average market price of Shares calculated over the 20 consecutive trading days on which trades of Shares were recorded on ASX is A\$0.60 or higher.	n/a	No
Class C	15,000,000	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.	19 January 2018	9,537,503 Class C Rights were converted to CDI, after the Right holders made the election to convert on 25 January 2018. The CDI's will be escrowed to 14 February 2019. ***
Class D	15,000,000	If the Company generates cumulative revenue from the application of the Company's intellectual property and technology relating to the analysis and reconstruction of Terpene Profiles of A\$3 million within 24	n/a	No
Class E	10,111,311**	If the Company signs binding distribution contracts for its reconstructed Terpene Profiles with a cumulative value of A\$2 million within 18 months from the date of Admission	n/a	6,429,111 Class E Rights were issued on 25 January 2018, after the Class C Right holders made an election to convert. ***

* In the Quarterly Report for the period 30 September 2017, this was reported incorrectly as being achieved. This was based on a 10-day VWAP per the Replacement Prospect, rather than a 20-day VWAP that the ASX requested at the time of admission to the ASX (refer ASX Announcement – 10 February 2017 – “Confirmation and Capital Structure”.

** To be issued on vesting of the Class C Performance Rights.

*** On February 19, 2018, the Company's Board of Directors resolved to cancel the conversion of the Class C Performance Rights and issue of the Class E Performance Rights. In order to avoid certain logistical constraints and expedite the effectiveness of the Board resolutions, the holders have agreed and irrevocably instructed Link Market Services to move the applicable CDIs and Class E Performance Rights to a separate sub-register of unlisted securities (while waiving all rights arising from such securities) in order to effectuate the Board's decision. The applicable CDIs and Class E Performance Rights will remain on the separate sub-register of unlisted securities until a resolution of an authorized body of the Company to move such securities from the sub-register of unlisted securities.

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

eSense Lab Limited (ASX:ESE)

ARBN

616 228 703

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7	7
1.2 Payments for		
(a) research and development	(99)	(99)
(b) product manufacturing and operating costs	(5)	(5)
(c) advertising and marketing	(102)	(102)
(d) leased assets	(34)	(34)
(e) staff costs	(109)	(109)
(f) administration and corporate costs	(133)	(133)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	
1.7 Government grants and tax incentives	-	
1.8 Other – VAT received	53	53
1.9 Net cash from / (used in) operating activities	(422)	(422)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	(29)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
(d) intellectual property	-	-
(e) other non-current assets	(3)	(3)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – restricted bank deposits	-	-
2.6 Net cash from / (used in) investing activities	(32)	(32)

3. Cash flows from financing activities		
3.1 Proceeds from issues of CDIs	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,425	2,425
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(422)	(422)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(32)	(32)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(37)	(37)
4.6	Cash and cash equivalents at end of quarter	1,934*	1,934*

* Excludes security deposits of \$US165,000 for assets purchased and the company credit cards. These funds are restricted.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,934	2,425
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,934*	2,425*

* Excludes security deposits of \$US165,000 for assets purchased and the company credit cards. These funds are restricted.

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	103
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Relates to fees paid to the directors and their associates and the remuneration of the CEO.

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

None

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
None		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(162)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(162)
9.4 Leased assets	(22)
9.5 Staff costs	(217)
9.6 Administration and corporate costs	(325)
9.7 Other (GCMS Machine, MMJ PhytoTech Limited (ASX: MMJ))	(183)
9.8 Total estimated cash outflows	(1,071)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date:30 April 2018.....

Print name:**Ian Pamensky**.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.