

eSense Lab Ltd
(Israel company registration
number 515440923)
ARBN 616 228 703

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR THE OFFER OF 100 SHARES AT AN ISSUE PRICE OF \$0.03 PER SHARE.

THIS PROSPECTUS HAS BEEN PREPARED PRIMARILY FOR THE PURPOSE OF SECTION 708A(11) OF THE CORPORATIONS ACT TO REMOVE ANY TRADING RESTRICTIONS ON SHARES ISSUED PRIOR TO THE CLOSING DATE.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus dated 19 October 2018 and was lodged with ASIC on that date with the consent of all Directors, by eSense Lab Ltd (Israel reg number 515440923) ARBN 616 228 703 (the **Company**). Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares will be issued based on this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply for Official Quotation by ASX of the Shares offered by this Prospectus. A copy of this Prospectus is available for inspection at the registered office of the Company at Level 14, 330 Collins Street, Melbourne, VIC, 3000, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.2). The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares under the Offer can only be submitted on an original Application Form which accompany this Prospectus.

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus, including, but not limited to, risks in respect of:

- **Development and commercialisation risks:** a failure or delay in successfully developing and commercialising the Company's technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position;
- **Competition risks:** the failure to establish and maintain an appreciable market share and differentiation from its competitors in the industry in which the Company operates may impede the financial condition and rate of growth of the Company; and
- **Capitalisation:** the failure to successfully complete the Placement could lead to the Company being unable to execute its business plans.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to AEST unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

Haim Cohen CEO
Jakob Zecharia
Galit Assaf Shenhar
Benjamin Karasik

Share Registry*

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Company Secretary

Mr Ian Pamensky

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Solicitors

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VIC 3000

ASX Code: ESE

Website: www.esense-lab.com

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC and ASX	19 October 2018
Opening Date of Offer	[insert]
Closing Date of Offer	[insert]

* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

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1. Details of the Offer

1.1 Summary of the Offer

The Company is offering, pursuant to this Prospectus, 100 shares (**Offer Shares**) at an issue price of \$0.03 each (**Offer**).

The Offer will only be extended to specific parties unrelated to the Company on invitation of the Directors. An Application Form will only be provided by the Company to these parties, together with a copy of this Prospectus.

Shares issued under the Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue. Refer to Section 3 for a summary of the rights and liabilities attaching to the Shares under the Offer.

1.2 Tranche 1

The Company has the capacity to issue 20,169,203 Shares (**Tranche 1 Shares**) at an issue price of \$0.03 each to an unrelated third party sophisticated investor to raise approximately \$605,000 without the need for Shareholder Approval. The Company may issue the Tranche 1 Shares at any time after the lodgement of this Prospectus.

The Tranche 1 Shares would be issued without disclosure under Part 6D.2 of the Corporations Act to sophisticated investors. To enable on-sale for subscribers who received the Tranche 1 Shares, the Company has agreed to lodge this prospectus (see Section 1.3 below for further details). The subscribers have either consented to a holding lock being applied to their Tranche 1 Shares in the period prior to lodgement of this Prospectus to prevent any on-sale and breach of the Corporations Act or the Company has confirmed that they have not traded their Tranche 1 Shares as at the date of this Prospectus in contravention of the Corporations Act.

1.3 Purpose of the Prospectus

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides another exemption from the general requirement under section 707(3) where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to securities issued by the Company prior to the Closing Date, including the Shares, so that the holders of the Shares may, if they choose to, sell such Shares within twelve months from the date of their issue without the issue of a prospectus.

Accordingly, the purpose of this Prospectus is to make the Offer and ensure that the on-sale of the Shares does not breach section 707(3) of the Corporations Act.

The Shares issued under the Offer will be issued under the Company's existing placement capacity under Listing Rule 7.1. The Company will raise \$3.00 under the Offer (before costs). The total estimated expenses of the Offer of \$25,090 will be paid by the Company from its cash reserves.

1.4 Closing Date

The Closing Date for the Offer is [insert] 2018. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.5 Minimum subscription

There is no minimum subscription for the Offer.

1.6 Application Forms

The Offer is being extended to investors who are invited by the Company to subscribe for Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

Applications must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Completed Application Forms, together with application monies, must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form. If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Shares under the Offer.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

1.7 Issue and dispatch

Subject to the Corporations Act and the Listing Rules, the Company intends to issue the Shares under the Offer on or about [insert] 2018. Shareholder statements will be

dispatched as soon as possible after the issue of the Shares under the Offer.

1.8 Application Monies held on trust

All Application Monies received for the Shares under the Offer will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.9 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for official quotation of the Shares under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.10 Residents outside Australia

This Prospectus and any accompanying Application Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.11 Risk factors

An investment in Shares of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 4.

1.12 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or potential investors. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.13 Major activities and financial information

A summary of the major activities and financial information relating to the Company can be found in the Company's Annual Report for the financial year ended 31 December 2017, lodged with ASX on 29 March 2018 (**Annual Report**). The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report.

Copies of the Annual Report are available free of charge from the Company. The Directors strongly recommend that Applicants review this and all other announcements prior to deciding whether or not to participate in the Offer.

1.14 Privacy

Applicants will be providing personal information to the Company (directly or by the Company's share registry) on the Application Forms. The Company collects, holds and will use that information to assess the Application, service Shareholders' needs, facilitate distribution payments and corporate communications to Shareholders and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

Shareholders can access, correct and update the personal information the Company holds about them by contacting the Company or its share registry at the relevant contact numbers set out in this Prospectus. A fee may be charged for access. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Applicants should note that if they do not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

1.15 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by email to ian@cfo2grow.com.au

1.16 CHESS and CDIs

The Company participates in the Clearing House Electronic Sub-register System, known as **CHESS**, operated by ASX Settlement Pty Limited (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

The Company is incorporated and registered in Israel and consequently applicants will be issued with CHESS Depository Interests (**CDI's**) instead of Shares under this Prospectus. This is because the requirements of Israeli laws, that registered shareholders have the right to receive a stock certificate, does not permit the CHESS system of holding uncertified securities.

CDI's will allow beneficial title to the Shares to be held and transferred. CDI's are electronic depository interests or receipts issued and are units of beneficial ownership in securities registered in the name of CHESS Depository Nominees Pty Ltd (**CDN**), a wholly owned subsidiary of ASX. The Shares underlying the CDI's will be registered in the name of CDN for the benefit of the CDI Holders. Each CDI represents one underlying Share.

CDN receives no fees from investors for acting as the depository nominee in respect of CDIs'. With the exception of voting rights, the CDI Holders have generally the same economic and other benefits of holding the underlying Shares. CDI Holders will receive notices of general meetings of Shareholders.

As CDI Holders are not the legal owners of the underlying Shares, CDN is the party entitled to vote at shareholder meetings, on the instruction of the CDI Holders on a poll. Refer sections 4.1(j) for explanation of how to vote your CDI's.

The Company will operate an electronic Issuer Sponsored sub-register and an electronic CHESS sub-register. Together the registers make up the Company's register of CDI Holders.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares. If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by Automatic Registry Services and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

2. Effect of the Offer

2.1 Capital structure on completion of the Offer

	Shares ⁽¹⁾	Unquoted Options ⁽²⁾	Performance Rights ⁽³⁾
Balance at the date of this prospectus	71,139,304	10,638,689	26,462,497
To be issued under the Offer	100	-	-
Balance after the Offer	71,139,404	10,638,689	26,462,497

Notes:

1. Shares

- (a) Includes 34,861,305 CDIs ESCROWED for 24 months until 14 February 2019.
- (b) Excludes 9,537,503 CDIs ESCROWED for 24 months until 14 February 2019 - refer note 4 below.

2. Unquoted Options currently on issue consist of:

- (a) 638,689 - Unlisted Option NIS0.01 exp 19 January 2022, escrow 24M until 14 February 2019
- (b) 5,000,000 - Unlisted Options \$0.25 exp 7 February 2020, escrow 24M until 14 February 2019
- (c) 5,000,000 - Unlisted Options A\$0.40 exp 29 March 2020

3. Performance Rights currently on issue include (This excludes the Class E Performance Rights - Refer note 4 below):

- (a) 3,000,000 - Performance Rights Class A escrow 24M until 14 February 2019
 - (b) 3,000,000 - Performance Rights Class A escrow 24M until 14 February 2019
 - (c) 5,462,497 - Performance Rights Class C escrow 24M until 14 February 2019
 - (d) 15,000,000 - Performance Rights Class D escrow 24M until 14 February 2019
- The terms and conditions of the Performance Rights are outlined in section 9.4 of the Company's replacement prospectus lodged with the ASX on 23 January 2017.
 - The performance rights will convert into Shares upon satisfaction of the following milestones:
 - Class A Performance Rights: if the volume weighted average market price of Shares calculated over the 10 consecutive trading days on which trades of Shares were recorded on ASX is A\$0.40 or higher
 - Class B Performance Rights: if the volume weighted average market price of Shares calculated over the 10 consecutive trading days on which trades of Shares were recorded on ASX is A\$0.60 or higher;
 - 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;
 - Class D Performance Rights: 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 months from the date of Admission;

4. 9,537,503 CDIs and 6,429,111 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. The holders will wave all rights arising from such securities
 - (a) 9,537,503 - CDI escrowed 24M until 14 February 2019
 - (b) 6,429,111 - Performance Rights Class E escrow 24M until 14 February 2019. The performance rights will convert into Shares upon satisfaction of the following milestone:
 - Class E Performance Rights: 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; and
5. The Company has sought shareholder approval to issue the following securities:
 - (a) 300,000 Ordinary Shares (as CDI's) to Otsana Capital Pty Ltd pursuant to the terms of the agreement between the Company and Otsana Capital Pty Ltd dated 1 November 2017.
 - (b) 10,000,000 options to purchase Ordinary Shares (as CDI's) to EverBlu Capital Pty Ltd, subject to the terms and conditions of the mandate agreement between the Company and EverBlu Capital Pty Ltd dated on or about 22 August 2018, exercisable at the price that is two times the average Placement Price.
 - (c) Up to 125,000,000 Ordinary Shares (as CDI's) at a price of no less than 80% of the VWAP of the CDIs for the 5 business days on which trades in that class were recorded immediately prior to the date of purchase of the CDIs and 41,666,667 Options to acquire Ordinary Shares (as CDI's) for a period of up to four (4) years from the purchase of the CDI's, exercisable at two times the Placement Price.

2.2 Financial effect of the Offer

After paying the expenses of the Offer of approximately \$25,090 there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$3.00) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position of reducing the cash balance by \$25,087, being receipt of funds of \$3.00, less expenses of the Offers of \$25,090.

Please refer to Section 6.13 for further details on the estimated expenses of the Offer.

2.3 Effect of the Offer on control of the Company

The Company is of the view that the Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

3. Placement

3.1 Tranche 1

The Company, as a result of Shareholder resolutions passed at the AGM on 29 March 2018 (**AGM**) has a current placement capacity of 25%, subject to restrictions upon the issue price.

Pursuant to that placement capacity the Company has authorised EverBlu to undertake the Tranche 1 placement for up to a maximum of 20,169,203 CDI's on the Placement Terms (**Tranche 1 Placement**). The Tranche 1 Placement will be subject to a holding lock, which will be released upon lodgement of this Prospectus with the ASX.

3.2 Placement Terms

The Company is offering CDI's in the Company for up to a maximum of 125,000,000 Equity Securities on the following terms:

- (a) at a price of no less than 80% of the VWAP of the CDIs for the 5 business days prior to the date of issue (**Issue Price**);
- (b) with three (3) options for every CDI purchased, exercisable at two (2) times the Issue Price for a period of four (4) years from the date of issue;
- (c) subject to the subscriber not breaching any takeover provisions, whether in Australia or Israel.

3.3 Tranche 2

Following lodgement of this Prospectus with ASX, the Company will take subscriptions for the tranche 2 placement up to a maximum of 104,830,797 CDI's on the Placement Terms (when combined with the Tranche 1 Placement) up to the Closing Date.

3.4 Use of Placement Funds

The Company intends to use the fund received from the Tranche 1 Placement and Tranche 2 Placement to meet its ongoing business expenses and to implement its business plan.

	Minimum US\$2,000,000 ⁽¹⁾ A\$ A\$2,783,190	Maximum A\$4,000,000 A\$ A \$4,000,000
Cash on hand at 27 September 2018 (A\$)	906,978	906,978
Use of Funds		
Research and Development	241,730	396,098
Product manufacturing and operating costs	70,000	70,000
Advertising and marketing ⁽³⁾	114,361	414,361
Leased assets	79,054	79,054
Staff costs ⁽⁴⁾	1,622,228	2,009,696
Administration and corporate costs,	448,938	748,938
Other - Cost of the Placement Offer ⁽²⁾	206,879	281,853
	2,783,190	4,000,000

NOTES:

(1) - Exchange rate used is \$0.72.

(2) - Cost of the Placement Offer include, EverBlu Fees, ASX Listing Fees, Legal Fees and Share Registry Costs. The fees payable to EverBlu (in addition to the EverBlu Options) are:

- a monthly retainer fee of \$10,000 for corporate advisory services until the end of the engagement;
- a management fee of 2% of the gross proceeds (which equates to US\$40,000 if US\$2,000,000 is raised and A\$80,000 if A\$4,000,000 is raised); and
- a capital raising fee of 4% of the gross proceeds (which equates to US\$80,000 if US\$2,000,000 is raised and A\$160,000 if A\$4,000,000 is raised);

payable out of the proceeds received by EverBlu under the engagement.

(3) The primary commercialisation objectives are to establish the Company in the terpene market for the supply of aromatics and flavourants to a variety of industries. In addition, the Company's formulas will be developed for their specific properties in several medical applications.

(4) Staff costs include – salaries and wages, director fees and fees paid to consultants.

4. Rights Attaching to Shares and CDI's

4.1 Rights attaching to Shares

(a) Voting

At a general meeting, every holder of Shares present in person, or by proxy or authorised representative, has one vote for every Share held.

Holders of CDI's can attend but cannot vote in person at a general meeting, and must instead direct CDN how to vote in advance of the meeting. Any notice of meeting issued to CDI holders will include a form permitting the holder to direct CDN to cast proxy votes in accordance with the holder's written instructions.

If, pursuant to the Listing Rules, a notice of meeting contains a voting exclusion statement which excludes certain named persons (or class or person) and their associates from voting on a particular resolution, any votes cast on that resolution by the named person (or class or person) excluded from voting or an associate of that person or those person must be disregarded.

(b) Meeting

An annual general meeting is required to be held once in every calendar year.

Subject to the provisions of the Companies Law, the Company is required to give Shareholders at least 7 days' notice of a meeting of Shareholders. Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices required to be sent to Shareholders under the Companies Law, Articles and Listing Rules. CDI Holders may only exercise their vote by directing CDN accordingly.

Under the Companies Law, Shareholders holding at least 1% of the voting rights of the Company may request, subject to the Companies Law, that the Directors include a matter on the agenda of a general meeting, provided that the matter is appropriate to be considered in a general meeting. The Articles detail the information that must be included in such a request, and the timing requirements.

In addition to the ability to request Directors include a matter on the agenda of a convened general meeting, under the Companies Law, Shareholder(s) holding either:

- (i) Five percent or more of the outstanding issued shares and one percent of the outstanding voting power; or
- (ii) Five percent or more of the outstanding voting power;

have the right to requisition a general meeting.

(c) Transfer of Shares or CDI's

Subject to the Articles, Companies Law, Listing Rules and ASX Settlement Rules, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules and Articles or by any other method permitted by the Companies Law, Listing Rules or ASX Settlement Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Articles, Listing Rules or ASX Settlement Rules. The Board must not refuse to register a transfer of CDI's when required by the Listing Rules or ASX Settlement Rules.

(d) Issue of Further Shares or CDI's

Subject to the Articles and to the provisions of the Companies Law and the Listing Rules, the unissued shares of the Company (whether forming part of the original or any increased capital) are under the control of the Board and may be issued as the Board thinks fit. The Listing Rules apply a cap on the issue within 12 months. Shareholder approval may be sought to overcome this cap.

(e) Winding Up

A shareholder resolution approved by 75% of the voting shares is required to approve a voluntary winding up of the Company.

If the Company be wound up, liquidated or dissolved, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, if any, the assets of the Company legally available for distribution among the shareholders, after payment of all debts and other liabilities of the Company, shall be distributed to the Shareholders in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made, provided, however that if a class of shares has no nominal value, then the assets of the Company legally available for distribution among the holders of such class shall be distributed to them in proportion of their respective holdings of the shares in respect of which such distribution is made.

(f) Variation of Rights

At present, the Company's only class of shares is ordinary shares. Subject to the Articles, the Companies Law, the Listing Rules and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled with:

- (i) An ordinary resolution passed by the Company's Shareholders; and
- (ii) Approval by the holders of a simple majority of the shares of the affected class.

(g) Directors - Appointment and Removal

Each of the Directors other than External Directors (as described below) shall be elected at each annual general meeting and shall serve in office until the close of the next annual general meeting, unless they vacate their office earlier. Each Director retiring at an annual general meeting is eligible to be re-elected at that meeting.

Additional Directors may be elected at general meetings by shareholder resolution. The Board may also appoint additional Directors or Directors to fill a casual vacancy. Directors so elected or appointed must retire at the next annual general meeting, at which they may seek re-election.

A Director may be removed from office by a shareholder resolution approved by Shareholders holding at least two-thirds of the voting power, subject to applicable law. The Board shall also be entitled to remove from office any Director appointed by the Board.

(h) External Directors

Under the Companies Law, the Company is required to have at least two External Directors. The External Directors must meet stringent standards of independence from the Company, its management and any controlling Shareholder. An External Director must not be subject to a conflict. The Companies Law sets out strict and detailed provisions. The Company can provide an explanation if any shareholder so requests.

(i) Alterations to Articles

The Articles can only be amended by a simple majority of the votes cast at a general meeting.

(j) Rights of CDI Holders

With the exception of voting rights, CDI Holders are generally entitled to equivalent rights to holders whose securities are legally registered in their own name. The ASX Settlement Rules require that all economic benefits, such as dividends, bonus issues, rights issues or similar corporate actions flow through to CDI Holders as if they were the legal owners of the underlying securities. However, in some cases, marginal difference may exist between the resulting entitlements of CDI Holders and the entitlements they would have accrued if they held Shares directly. This is because, for the purposes of certain corporate actions, CDN's holding of Shares is, for Israeli legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of CDI Holders (thus, for example, CDI Holders will not benefit to the same extent from the rounding up of fractional entitlements as if they held Shares directly).

The ASX Settlement Rules require the Company to give notices to CDI Holders of general meetings of Shareholders. The notice of meeting must include a form permitting the CDI Holder to direct CDN how to vote on a particular resolution, in accordance with the CDI Holder's written directions. CDN is then obliged under the ASX Settlement Rules to lodge proxy votes in accordance with the directions of the CDI Holders. CDI Holders cannot vote personally at Shareholder meetings. The CDI Holder must convert their CDI's into certificated Shares prior to the relevant meeting in order to vote in person at the meeting.

If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, the ASX Settlement Rules require that CDN must not accept the offer made under the takeover bid except to the extent that acceptance is, authorised by the relevant CDI Holder. In these circumstances CDN must ensure that the offeror, pursuant to the takeover bid, processes the takeover acceptance.

4.2 Converting from a Share to a CDI or CDI to Share

CDI Holders may at any time convert their holding of CDI's to certified Shares by:

- (a)** In the case of CDI's held through the Issuer Sponsored sub-register, contacting the Share Registry directly to obtain the applicable request form; or
- (b)** In the case of CDI's held on the CHESS sub-register, contacting their controlling participant (generally a stockbroker), who will liaise with the Share Registry to obtain and complete the request form.

Upon receipt of a request form, the relevant number of CDI's will be cancelled and Shares will be transferred from CDN into the name of the CDI Holder and a registered share

certificate be issued. This will cause your Shares to be registered on the certificated register of Shareholders and trading will no longer be possible on ASX.

A holder of Shares may also convert their Shares to CDI's by contacting their stockbroker (or applicable controlling participant). In this case, the Shares will be transferred from the Shareholder's name into the name of CDN and a holding statement will be issued to the person who converted their Shares to CDI's in respect of the CDI's that have been issued. The CDI's will be tradeable on ASX.

4.3 ASIC Relief

Pursuant to ASIC Class Order CO14/827, ASIC has given class order relief for offers for the issue or sale of CDI's, where the underlying foreign securities are quoted on ASX and are held by CDN as the depository nominee. The purpose of the relief is to remove any uncertainty about how offers of CDI's over underlying foreign securities are regulated under the Corporations Act, ensuring offers of CDI's are regulated as an offer of securities under the disclosure provisions of Chapter 6D of the Corporations Act.

Pursuant to the Class Order, the Company is required to provide the following information:

Topic	Explanation
Nature of CDI's	<p>The Shares the subject of the Offer will trade on ASX in the form of CDI's.</p> <p>A CDI is a unit of beneficial ownership in a share (or beneficial interest in a share) or option of a foreign company, where the underlying share, interest or option is registered in the name of a depository nominee (in this case CDN), for the purpose of enabling the foreign share, interest or option to be traded on ASX.</p>
Specific features of CDI's	<p>The main difference between holdings CDI's and Shares is that the holder of CDI's has beneficial ownership of the underlying Shares instead of legal title. Legal title to the underlying Shares is held by CDN for the benefit of the CDI Holder.</p> <p>Each CDI will represent one underlying share.</p> <p>CDI Holders have the same economic benefits of holding the underlying shares. CDI Holders are able to transfer and settlement transactions electronically on ASX.</p> <p>With the exception of voting rights, the CDI Holders are entitled to equivalent rights and entitlements as if they were the legal owners of Shares. CDI Holders will receive notices of general meetings of Shareholders.</p>
Identity role of CDN	<p>The Shares underlying the CDI's issued pursuant to this Prospectus will be registered in the name of CDN, a wholly owned subsidiary of ASX.</p> <p>Legal title of the underlying Shares is held by CDN for the benefit of the CDI holder.</p>

	CDN receives no fees from investors acting as the depository nominee in respect of CDIs.
How to convert CDI's into Shares	Information on how to convert CDI's into Shares is set out above.
Voting Rights	<p>CDI Holders cannot vote personally at Shareholder meetings. The CDI Holder must convert their CDI's into certificated Shares prior to the relevant meeting in order to vote in person at the meeting.</p> <p>CDN, which holds legal title to the Shares underlying the CDI's, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands.</p> <p>CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN.</p>
Dividends or other distributions	<p>The ASX Settlement Rules, require that all economic benefits, such as dividends, bonus issues, or other distributions flow through to CDI Holders as if they were the legal owners of the underlying securities.</p> <p>As each CDI will represent one underlying Share, in the event the Company pays a dividend or undertakes a distribution CDI holders will receive the same benefit as if they were holding Shares.</p>
Corporate Actions	<p>The ASX Settlement Rules require that all economic benefits, such as dividends, bonus issues, rights issues or similar corporate actions flow through to CDI Holders as if they were legal owners of the underlying securities.</p> <p>However, in some cases, marginal difference may exist between the resulting entitlements of CDI Holders and the entitlements they would have accrued if they held Shares directly. This is because, for the purposes of certain corporate actions, CDN's holding of Shares is, for Israeli legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of CDI Holders (thus, for example, CDI Holders will not benefit to the same extent from the rounding up of fractional entitlements as if they held Shares directly).</p>
Takeovers	If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, the ASX Settlement Rules require that CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. In these circumstances, CDN must ensure that the offeror, pursuant to the takeover bid, processes the takeover acceptance.

5. Risk Factors

The Shares offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Potential investors should consider whether the Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offer.

The principal risks include, but are not limited to, the following:

5.1 Specific Risks

(a) Limited Operating History

Incorporated in April 2016, the Company has a limited operating history. To date, the Company has principally developed its technology and intellectual property and has not commenced significant commercialisation. Given the Company's limited operating history, there can be no guarantee that the Company will achieve commercial viability.

(b) Development and Commercialisation of the Technology

The Company is a technology and research and development company, specializing in commercialization of the phytochemical profiling of plants. The Company's technology enables it to reverse engineer a comprehensive model of a targeted rare or valuable plant and reconstruct the terpene profile of that plant by using alternative natural sources (**Technology**).

The success of the Company will depend upon the Company's ability to develop and commercialise the Technology. A failure to successfully develop and commercialise the Technology, including the production of its unique products, in commercial quantities or to otherwise meet demand, could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

As disclosed in the Company's replacement prospectus lodged with ASIC and ASX on 23 January 2017, the Company is seeking to develop the Technology with organisations that provide chemical production industry services. If the Company is successful in developing the Technology, there may be further additional risks associated with how the Technology fits within industry standards (including legal and regulatory standards), and issues faced with production which may affect yields.

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion, and sales and licensing campaigns.

Even if the Company does successfully commercialise the Technology, there is a risk the Company will not achieve a commercial return and will not be able to sell products and services to clients at a rate which covers its operating and capital costs.

(c) Consumer Demand and New Market Risk

Although the Company has already entered into a sales agreement with commercial purchasers, there is no certainty that there will be sufficient consumer demand for the Company's product(s).

The Company considers that there is a risk that consumers may purchase a product extracted from the target plant itself rather than the Company's reconstructed Terpene Profiles. The reasons this might occur, despite the advantages of the Company's product include:

- (i) Some consumers may be concerned that the Company's products are 'not natural' as they are not extracted from the targeted base plant itself, but from alternate natural sources, despite the fact that they are chemically identical in all desired respects.
- (ii) The Company's analysis process is capable of analysing the phytochemical composition of the targeted plant to an accuracy of 99.9%. The difference of less than 0.1% is understood by the Company to not give rise to any material difference between the Company's reconstructed Terpene Profile and the Terpene Profile of the targeted plant. Nevertheless, some consumers may be concerned that the 0.1% which is not accounted for in the analysed Terpene Profile contains the key therapeutic or other benefits of the targeted plant.
- (iii) The Company will not in all cases replicate the entirety of the analysed Terpene Profile for various reasons. Some consumers may not be interested in the Company's product as they are only interested in the psychoactive effects of the phytocannabinoids, or may be concerned that the removal of the phytocannabinoid aspect of the profile affects its safety or other perceived benefits.

New vertical markets usually cost substantially more to penetrate than a known market and may also result in a diversion of the attention and time of management and the scientific team. Accordingly, such efforts may have a materially adverse effect on the value and prospects of the Company.

(d) Manufacturing and Production Risks

While the production of the Terpene Profiles is not considered by the Directors to be particularly difficult given the capabilities of the Company's Technology, the Company is an early-stage company and has yet to develop its reconstructed Terpene Profiles on a commercial scale.

Accordingly, the commercialisation phase for the Company's Terpene Profiles, is subject to a number of technological and production risks which may result unforeseen and unavoidable delays.

These risks include, amongst other things, overestimating the ease at which the Terpene Profiles may be developed, availability of necessary base terpenes to reconstruct the Terpene Profiles, availability of appropriately skilled third parties, and unforeseen bugs and errors.

(e) Patent Application Risk

There is no guarantee that the Company's current patent application (**Patent Application**) will be granted or that the Company will receive enforceable patent rights.

There is a risk that the Company will not be entitled to practice the inventions claimed in its Patent Application, and that the working of its patented invention may be prevented by another patent or patent application which has an earlier priority date to the Patent Applications of the Company.

Even if the Company succeeds in obtaining patent protection for its products, its Patent Application could be partially or wholly invalidated following challenges by third parties. The grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds on invalidity at any time during its life. If none of the claims of a granted patent are valid, then the patent is unenforceable.

(f) Protection of Intellectual Property Rights

The Company relies on trade secrets to help protect its proprietary know-how. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, contractors and other third parties to protect its trade secrets, as well as its "Intellectual Property and Confidentiality Policy and Processes" policy (Policy), which forms part of the contract of employment of engagement for each of the Company's staff, contractors and consultants. These agreements and the Policy may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. In addition, others may independently discover the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect the Company's Intellectual Property could enable competitors to use the Company's proprietary information to develop other products that compete with the Company's products or cause additional, material, adverse effects upon the Company's business, results of operations and financial condition.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

(g) Infringement (or alleged infringement) of Third-Party Intellectual Property

If a third party accuses the Company of infringing its intellectual property, or if a third party commences litigation against the Company for infringement of its intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails.

Although the Company is not aware of any third-party interests in relation to the intellectual property rights to be utilised by the Company, and has taken steps to protect and confirm its interest in the required intellectual property rights have been infringed.

(h) Competition and New Technologies

Although the Board is not currently aware of any direct competitors offering the same product as the Company, a rival product offering or technology developments by third-party competitors may have a materially adverse effect on the value and prospects of the Company.

(i) Third Party Risk

The operations of the Company requires the involvement of a number of third parties, including suppliers of raw materials and third-party laboratories.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect itself against such risks.

There is no guarantee that an alternative will be readily available or available on reasonable terms, and this could impact the Company's financial position. The requirements to engage an alternative third-party laboratory would also likely delay the Company's timeline to production.

(j) Reliance of Information Technology and Laboratory Equipment

The development of the Terpene Profiles will be dependant upon the performance, reliability and availability of its information technology and laboratory equipment. These servers and back-end processing systems and laboratory equipment. These systems may be adversely affected by a number of factors, including major events such as terrorism or war, or breakdown of utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors, or other technical issues. The Company's disaster recovery plans may not cover loss or damage that is suffered as a result of such a system failure.

Any damage to, or failure of, these key systems may affect the Company's ability to operate its business. Such disruptions have the potential to reduce the Company's ability to generate revenue, impact customer service levels and damage the brand of 'eSense'.

(k) Regulatory Environment- Current Products

The Company is exposed to the risks posed by current and potential future regulations and legislation that apply to the industries in which it proposes to operate.

Changes in the regulatory environment in Israel and other countries the Company may supply its products to may have adverse consequences for the Company.

The Company's operations may become subject to new or increased regulatory requirements, such as licensing and reporting obligations, which could increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage and adversely impact upon the financial position and financial performance of the Company.

There is a risk that laws or regulations may change in the future to prohibit the development or sale of the Company's reconstructed cannabis Terpene Profiles. Should this occur, the Company's intention is to focus on developing its reconstructed cannabis Terpene Profiles for supply to an alternate jurisdiction, or to focus on other valuable plants and spices, such as ginseng, saffron or sandalwood (by way of example only). Such changes in business plans would result in delays to the Company's ability to generate revenue, and result in additional costs as the new plant profiles were developed.

(l) Product Liability Risk

As a manufacturer and supplier of products designed to be exposed to humans, the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation. These risks will arise if the Company's products are alleged to have caused significant loss or injury. In addition, the manufacturer of the Company's Terpene Profiles, once developed, involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination.

Previously unknown adverse reactions resulting from human exposure to products including the Company's products could occur. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation and could have a material adverse effect on the Company's results of operations and financial conditions.

(m) Brand Establishment and Maintenance

The Company believes that establishing and maintaining the 'eSense' brand in the industries in which it proposes to operate is critical to growing its customer base and product acceptance.

If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

Unauthorised use of the 'eSense' brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(n) Political and Military Instability in Israel

The Company's research and development facilities and research and development team are located in Israel. Many of its employees, Directors and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect the Company's business. Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could materially and adversely affect the Company's business, financial condition and results of operations and could make it more difficult for the Company to raise capital.

(o) Obligations of Israeli Citizens to Perform Military Service

Many Israeli citizens are obligated to perform one month, and in some cases more, of annual military reserve duty until they reach the age of 45 (or older, for reservists with certain occupations) and, in the event of a military conflict, may be called to active duty. In response to terrorist activity, there have been periods of significant call-ups of military reservists. Some of the Company's executive officers and employees are required to perform annual military reserve duty in Israel and may be called to active duty at any

time under emergency circumstances, which could have a material impact on the Company's operations.

(p) Boycotts of Israel

Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact the Company's ability to sell its products and its results of operation.

(q) Policies and Legislation

Any material adverse changes in government policies or legislation of Israel or any other country that the Company has economic interests may affect the viability and profitability of the Company.

5.2 General risks relating to the Company

(a) Additional Requirements for Capital

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, will need to take steps to reduce its cash demands (which will likely include a reduction or cessation of its operations) and/or consider any other alternative options for its future, which could include a sale or a windup.

(b) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(c) Trading Price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of

the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(d) Litigation Risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Prospectus the Company is not involved in any litigation or disputes.

(e) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities.

(f) Force Majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

5.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the Shares.

6. Additional information

6.1 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with the ASIC yearly and half-yearly financial statements, accompanied by a Directors' statement and report and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.2 below).

6.2 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report for the period ending 31 December 2017 as lodged with ASX on 29 March 2018;
- (b) the Half Yearly Report for the period ending 30 June 2018 as lodged with ASX on 31 August 2018; and
- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report and before the date of issue of this Prospectus which are as follows:

Date Lodged	Subject of Announcement
17 October 2018	Response to ASX Aware Letter
17 October 2018	Request for Trading Halt
16 October 2018	eSense Continues Commercialisation Process
15 October 2018	eSense-Lab Completes Capital Raising of \$3.15 million
8 October 2018	Notice of Extraordinary General Meeting/Proxy Form

Date Lodged	Subject of Announcement
31 August 2018	Appendix 4D Half Yearly Financial Statements
30 August 2018	Change of Corporate Advisor
31 July 2018	Esense-Lab Quarterly Activities Report & Appendix 4C Cashflow Report
28 June 2018	Esense-Lab Approved for Cannabis Permit
21 June 2018	Esense-Lab Terpenes Formulation Show Signs of Cellular Growth Arrest
6 June 2018	Esense-Lab Completes Development of Cannabis Aroma E-Liquids
30 May 2018	Appendix 3X Initial Director's Interest Notice – Kobi Zecharia
30 May 2018	Board Change
11 May 2018	Appendix 3Z – Final Director's Interest Notice
11 May 2018	ASX Release – Board Changes
2 May 2018	Market Announcement – Esense-Lab Ltd –Reinstatement to Official Quotation
30 April 2018	Quarterly Activities – For the period ended 31 March 2018 & Appendix 4C Cashflow Report
5 April 2018	Appendix 3B – New Announcement, application for quotation of additional securities and agreement
4 April 2018	Appendix 4G – Key to Disclosures Corporate Governance Council Principles and Recommendations
3 April 2018	MMJ: Update on investment in e-Sense Lab
3 April 2018	Appendix 3Z Final Director's Interest Notice – Brenda de Kauwe
3 April 2018	Results of AGM and EGM – 29 March 2018
3 April 2018	Change of Registered Office Address
29 March 2018	Esense-Lab Limited – Annual Report for year ended 31 December 2017
29 March 2018	Full Year Statutory Accounts
29 March 2018	Letter to ASX Limited – Response to ASX queries of 28 March 2018 – chairman address to shareholders
29 March 2018	Appendix 3Z – Final Director's Interest Notice – Quentin Megson

Date Lodged	Subject of Announcement
29 March 2018	Board Change
28 March 2018	Letter to ASX Limited – Response to ASX queries of 26 March 2018
23 March 2018	Market Release- Suspension from Official Quotation
22 March 2018	ASX Release – Originating Motion Proceeding Against Dr Brendan D Kauwe
21 March 2018	ASX Release – Position Statement
14 March 2018	ASX Release – Esense-Lab Reports Another Major Progress in R & D
13 March 2018	ASX Release – Esense-Lab Appoints Independent Examiner to Investigate Conduct of Dr Brendan De Kauwe
9 March 2018	ASX Release – Treatment of Converted Class C Performance Rights
9 March 2018	ASX Release – Esense-Lab Reports Major Progress in R & D
7 March 2018	ASX Release – AGM- Proposal Requests

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.14 and the consents provided by the Directors to the issue of this Prospectus.

6.3 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and which is required to be set out in this Prospectus.

6.4 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.5 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.16 per Share on 18 October 2018

Lowest: \$0.029 per Share on 11 October 2018

The latest available closing market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.10 per Share on 18 October 2018.

6.6 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6.7 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Shares	Voting power*
Benjamin Karasik	6,298,226	8.85%
Efraim Malik	3,843,988	5.40%
Nitzan Orgal	3,622,515	5.09%

NOTES:

* All percentage information is based on 71,139,305 ordinary shares (including ordinary shares underlying CDIs) outstanding as of 13 September 2018. This excludes 9,537,503 CDIs that have been ESCROWED for 24 months until 14 February 2019. The applicable CDIs will remain on the separate sub-register of unlisted securities until a resolution of an authorized body of the Company to move such securities from the sub-register of unlisted securities. The holders waved all rights arising from such securities.

6.8 Directors' interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

6.9 Directors' interests in Company Securities

The Directors have the following relevant interests in the securities as at the date of this Prospectus:

Directors	Shares	Voting power*	Unquoted Options	Performance Rights
Benjamin Karasik	6,298,226 (4,296,915**)	8.85%	-	4,296,915 – Class D 2,896,497 – Class E**
Haim Cohen	1,123,626 (766,586**)	1.58%	-	500,000 – Class A 500,000 – Class B 766,586 – Class D 516,746 – Class E**
Galit Assaf	-	-	-	500,000 – Class A 500,000 – Class B
Kobi Zecharia	-	-	-	-

Notes (if applicable):

* All percentage information is based on 71,139,305 ordinary shares (including ordinary shares underlying CDIs) outstanding as of 13 September 2018. This excludes the CDIs detailed in the note below.

** 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. The holders have waived all rights arising from such securities.

6.10 Remuneration of Directors

The Directors have received the following remuneration (comprised solely of short term salary, fees and commissions) for the financial year ended 31 December 2017:

Directors	31 December 2017 (US\$)
Haim Cohen	145,000
Benny Karasik ⁽¹⁾	-
Galit Assaf	35,901
Kobi Zecharia ⁽²⁾	-
Quentin Megson ⁽³⁾	35,736
Brendon de Kauwe ⁽³⁾	60,992
Eran Gilboa ⁽⁴⁾	35,901
Ilan Saad ⁽⁴⁾	39,142

1 - Appointed 9 February 2018

2 - Appointed 30 May 2018

3 - Resigned 29 March 2018

6.11 Related party transactions

There are no related party transactions involved in the Offer that are not otherwise described in the Prospectus.

6.12 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Tisher Liner FC Law will be paid approximately \$20,000.00 (plus GST) in fees for legal services in connection with the Offer.

6.13 Expenses of Offer

Estimated expenses of the Offer	A\$
ASIC lodgement fee & ASX quotation fee	5,090
Legal and preparation expenses	20,000
TOTAL	25,090

6.14 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) has not authorised or caused the issue of this Prospectus or the making of the Offer;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (c) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Tisher Liner FC Law has given its written consent to being named as the solicitors to the Company in this Prospectus. Tisher Liner FC Law has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



Ian Pamensky

Company Secretary
eSense Lab Limited

Dated: 18 October 2018

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

Annual Report has the meaning given in Section 1.13.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made on an Application Form.

Application Form means the Application Form provided by the Company with a copy of this Prospectus.

Application Monies means the amount of money in dollars and cents payable for Shares at the Offer price per Share pursuant to the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

CHESS means ASX Clearing House Electronic Sub-registry System.

Closing Date has the meaning given in Section 1.4.

Company means eSense Lab Limited ARBN 16 228 703.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Prospectus.

Issuer Sponsored means Securities issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while any Shares are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Offer has the meaning given in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Options means an option to acquire a Share.

Otsana Shares has the meaning given to that term in section **Error! Reference source not found..**

Placement means the facility for up to 125,000,000 Equity Securities at a price of no less than 80% of the VWAP of the CDIs for the 5 business days prior to the date of issue.

Prospectus means this prospectus dated 19 October 2018.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options or performance shares, issued or granted by the Company.

Shares means ordinary fully paid shares in the capital of the Company.

Shareholder means a holder of Shares.