

ASX RELEASE

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eSense-Lab completes \$1.145 million Capital Raising

- **\$250,000 in Loan Notes issued to Sophisticated Investors**
- **Secures firm commitments from Sophisticated Investors for a placement of securities to raise an additional \$895,000 (conditional on shareholder approval)**

Loan Notes

Life sciences company **eSense-Lab Limited** (ASX:ESE) ("**eSense**" or the "**Company**") is pleased to announce that it has raised \$250,000 (before costs) through the issue of unsecured Loan Notes ("**Loan Notes**") to sophisticated investors (**Noteholders**). The Loan Notes have a face value of \$0.01 each with a coupon rate of 12% per annum and a maturity date of 1 September 2020 (which may be extended to 1 December 2020 as outlined below) ("**Maturity Date**"). Subject to shareholder approval at the Annual General Meeting to be held in late May 2020 ("**AGM**"), each Loan Note will convert into one (1) Chess Depository Interest ("**CDI**") at a conversion price of \$0.004 per CDI on the Maturity Date.

Subject to shareholder approval, each Noteholder will also receive one (1) free attaching unlisted option ("**Option**") for every 2 CDIs that are issued to the Noteholder on conversion. The Options will be exercisable at \$0.01 each and expire 18 months after their date of issue and will be issued upon conversion of the Loan Notes.

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

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

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

Placement

The Company is also pleased to announce that it has received firm commitments for a further \$895,000 (before costs) through a conditional placement of CDIs to sophisticated investors at an issue price of \$0.04 per CDI (**Placement**). Investors will also receive one (1) free attaching unlisted Option for every 2 CDIs that the Investor subscribes for under the Placement. The Options will be on the same terms as the Options being issued on conversion of the Loan Notes.

Settlement of the Placement through the issue of the CDIs and the Options will be conditional on obtaining prior shareholder approval at the AGM.

If shareholders do not approve the Placement at the AGM it will not proceed.

Clients of the Company's mandated Corporate Advisor, EverBlu Capital Pty Ltd ("**EverBlu**"), will be among the Investors that participate in the Placement.

Use of funds and structure of Capital Raising

Proceeds from the Loan Notes and the Placement will be used by eSense to fund research and development, business development, scope further opportunities for the Company and general working capital purposes.

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

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

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

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

Fees payable in relation to the Capital Raising

EverBlu acted as the Lead Manager to the Loan Note and Placement offers. Under the terms of its mandate, EverBlu will be paid the following fees in relation to the Offer (subject to prior shareholder approval): 15,000,000 CDI's and 40,000,000 unlisted Options on the same terms as the Options to be issued on conversion of the Loan Notes and the Placement.

Update to Working Capital Loan

The Company notes that the terms of the \$50,000 working capital loan from EverBlu (**Loan**) announced on 2 April 2020 have been varied. The issue of CDI's to repay the Loan (at a deemed issue price equal to 0.4 cents per CDI, being the conversion price under the Loan Notes and the issue price under the Placement) is conditional on the Company receiving prior shareholder approval at the AGM. If shareholders not approve the issue of these repayment CDI's, the Loan will be repaid in cash.

As previously announced, the issue of 1 free attaching Option for every 2 CDI's issued to repay the Loan is also subject to prior shareholder approval. The terms of these Options are the same as those being issued on conversion of the Loan Notes and under the Placement.

This announcement has been authorised by the Board of Directors of eSense.

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About eSense-Lab

eSense-Lab Ltd (ASX:ESE) is a life sciences company creating virtual plant-based products for medicinal and recreational consumption. Headquartered in Israel, eSense-Lab combines genetics, mRNA expression, phytochemical characterisation and unique formulations to generate comprehensive models of rare or high value plants. With multi-disciplinary research and development expertise, eSense has game-changing techniques and unique reverse-engineering capabilities, placing it at forefront of the growing international terpene market. eSense has created virtual cannabis, with all the characteristics of the real plant, without the psychoactive and heavily regulated cannabinoid compound, for mass consumer consumption.

To learn more, please visit www.esense-lab.com.