



ASX ANNOUNCEMENT

22 March 2017

ESENSE-LAB ACHIEVES SIGNIFICANT REDUCTION IN PRODUCTION COSTS FOR COMMERCIAL QUANTITIES

Life sciences company **eSense-Lab Ltd** (“**eSense**” or the “**Company**”), (**ASX:ESE**), is pleased to confirm to its shareholders that the recent technological advancements announced by the Company has allowed for a significant decrease in its production costs.

eSense previously announced a number of significant technology advancements for its yield and detection capabilities, now capable of achieving greater than 30% higher terpene counts over previous extraction methodologies; as well as the advancement in detection methods now achieving 10-100 multiples higher resolution in detection and quantification of terpenes over its previous capabilities.

As disclosed in its prospectus, the Company is in the process of fulfilling its first commercial order for Allor Vaporizers, a US electronic vaporizer company, for the supply of e-liquids comprising its reconstructed cannabis terpene profiles. On utilising the recent technology advancements for the production of the Company’s first commercial order, eSense is pleased to confirm that this has translated to a significant net reduction in the underlying production costs of its terpene profiles, and well below the previous 2-10% cost profile.

Furthermore, eSense now has the ability to customise the production of its replicated terpene profiles in a broad spectrum of grades and concentrations. This translates to differing cost and customer price points, depending on specific customer requirements, as well as the desired end product, which can range from lower cost fragrance grades for the broader ‘additives’ market, through to higher cost and quality pharmaceutical grades for medical markets.

Terpenes are organic compounds found in plants responsible for flavor and fragrance, along with many health and medical benefits. Different strains of cannabis have different terpene profiles. As previously announced, eSense has 10 commercial ready medical cannabis terpene profiles, including 5 of the world’s most popular medical cannabis strains.

eSense uses proprietary plant profiling technology to reverse engineer and replicate desired components of certain rare or valuable plants. These replicated plant components are produced from readily available and cheaper alternative plants, are 100% natural, are virtually indistinguishable from the originals, and can be produced at a fraction of the cost.

Commenting on the further development, CEO Haim Cohen, said:

“The reduction to our underlying net production cost places our Company in a very strong commercial position, allowing us to further increase our competitive market edge by affording us tremendous flexibility in our pricing models and the ability to become even more attractive to bulk off-take partners, whilst most importantly improving our underlying margins and future profitability.”

Ends



About eSense-Lab

eSense-Lab (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, exactly replicate 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

Investor Relations

FTI Consulting

Level 2, 2 Kings Park Rd

West Perth WA 6005

+61 (0)8 9485 8888

Elodie.Castagna@fticonsulting.com

Steve.Suleski@fticonsulting.com

www.fticonsulting.com

Corporate Advisors

Otsana Capital

108 Outram Street

West Perth WA 6005

Telephone: +61 8 9486 7244

www.otsana.com

For personal use only