Aposense Ltd.

אפוסנס בע"מ

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[Free Translation of Hebrew Version]

Aposense Ltd.
(the "**Company**")

August 15, 2018

To	To
Israel Security Authority	Tel Aviv Stock Exchange Ltd.
www.isa.gov.il	www.tase.co.il

Dear Sirs,

Re: Immediate Report

The Company is pleased to announce that on August 15, 2018 the Company has entered into a non-binding Term Sheet (the "**Term Sheet**") with Prof. Roger D. Kornberg, who was awarded the Nobel Prize in Chemistry in 2006 and is the Scientific President of the Company and Access Industries Inc. ("**Access**"),[1] for the formation of a joint venture. The joint venture will engage in the development and commercialization of products in the field of treatment of respiratory viral infections, based on the Apo-Si technology developed by the Company (the "**Subsidiary**", the "**Field**" and "**Apo-Si Technology**" or the "**Technology**", respectively). The Company will hold the shares of the Subsidiary directly or through a holding company.

As of the date of this report, the parties are acting to establish the Subsidiary and negotiate the definitive agreements governing the establishment of the Subsidiary and its contemplated activity. Simultaneously and subject to the execution of such definitive agreements, the parties will enter into a Share Purchase Agreement, according to which Access shall invest in the Subsidiary an aggregate amount of US$ 20,000,000 in consideration for preferred shares. The investment will be in two installments, such that US$ 4,000,000 shall be invested in the Subsidiary upon the execution and closing of the definitive agreements (which amount shall be used to fund experiments (Proof of Concept) for the technological feasibility of the development of a product in the Field), and the remaining investment amount will be invested at a second closing subject to a successful proof of concept.

The Company shall grant the Subsidiary an exclusive license to the Apo-Si Technology for the purpose of developing products in the Field, in consideration for the Company's holdings of the Subsidiary as detailed below. The Subsidiary shall be entitled to expand the scope of the license to one additional indication, of a related disease in afield defined in the Term Sheet, all subject to several conditions indicated in the Term Sheet.

[1]To the best knowledge of the Company, Access is a private group, controlled by Sir LeonardBlavatnik, which invests and engages in various areas, including natural resources and chemicals, media and telecommunications, venture capital, real estate and biotech.

The Subsidiary shall be managed by Prof. Kornberg, who will serve as the chairman and CEO of the Subsidiary. The Company's management will also be involved in the scientific and financial management of the Subsidiary.

Upon the execution and first closing of the definitive agreements, the Company shall hold 60.24% of the Subsidiary (on a fully-diluted basis), which holdings shall decrease upon completion of the second installment of the investment. After the completion of the investment (assuming no additional issuances) the Company shall hold 40.00% of the Subsidiary (on a fully-diluted basis).

The term Sheet includes additional terms regarding the relationship between the parties, including the Subsidiary's Board structure, ownership of intellectual property developed by the Subsidiary, confidentiality and additional rights relating to the rights of the shares of the Subsidiary, all as customary in such agreements.

The Term Sheet is consistent with the Company's intention to utilize its existing resources and continue and support the business development related to the intellectual property assets of the Company, for the purpose of promoting its business activity.

The publication of the negotiations and the signing of the Term Sheet has been delayed by the Company, in accordance to the decision of the Board of Directors of the Company, in accordance to Section 36(b) of Securities Regulations (Periodic and Immediate Reports), 5730-1970, as it may have prevented the completion of the negotiation and the signing of the Term Sheet, without the permission of the other parties. Therefore, the Company's management, with the approval of the Company's Board of Directors, approved the removal of the report delay on August 15, 2018, on 15:00, after receiving such approval and execution of the Term Sheet by all parties.

Forward looking statements warning – it is hereby clarified that at the current stage there is no certainty that the abovementioned transaction in its current structure and/or any other transaction of investment in the Subsidiary shall be realized, inter alia, since the completion of the transaction is subject to signing of binding agreements between the parties and depends on factors which are not under the Company's control. Furthermore, the information and the Company's evaluation as described above in relation to the signing of binding agreements, including the completion of the investment in the Subsidiary, the final binding commercial conditions of the project, success of the Subsidiary's activity and in proving feasibility of the technology underlying products which will be developed, and/or generation of revenues from the commercializing of products in the future, additional trials which shall be required for the continuation of research and development and approval of products based on the Technology, regulatory pathways needed for the development of such products, dates of the commencement of clinical trials of such products and/or the completion of such clinical trials (including proof of the product'ssafety or efficacy in humans), dates of receiving approvals for marketing of such products and dates of commencement of sales of such products at various markets, including forecasts, dates, evaluations and/or plans of the Company, are "future anticipating information", as defined at the Securities Law, which involve high uncertainty, and are based, inter alia, on various factors and variables, which the Company does not necessarily has control over. In practice, the Company's evaluations may not be realized and/or may be realized partially and/or in an essentially different manner than such assessments of the Company.Among the factors which may influence the Company's assessments as abovementioned, are changes in the understandings between the parties and/or commercial disputes towards the date of entering to the binding agreements, failure in proving of the

technology's feasibility, the need of and/or delaysin the execution of pre-clinical trials and further clinical trials of the products developed by the Company and/or requirement to repeat trials and/or expend it and/or improve it to be compatible to specific applications, determination of regulatory pathways for the approval of such products, failure in proving the effectiveness of the products developed in the pre-clinical and/or clinical trials, lack of success or inability to recruit the required resources for the continuation of the products development and/or establishment of independent marketing capabilities, unreadiness of the medical community to adopt innovative technologies, unacceptance of resolutions by the medical insurers regarding the return of expenses policies or a resolution not to include the products in such policies, lack of success in finding partners for the continuation of the development and/or commercialization of products in a manner of license granting and/or funding and acquiring of technology and/or unsuccessful collaboration with such partners, unacceptance of regulatory approvals and/or change in such approval's granting policies, advancement of the competition in the relevant markets and/or competing products, entrance of additional competitors into the designated markets of such products, changes in the competition's structure in the product's designated markets, technological advancements which will render unnecessary the product's usage and/or the application of the Company's technology, and the realization of any of the risk factors which applies to the Company, as detailed in section 26 of the periodic report of the Company for the year 2017 (the "Annual Report"). Moreover, there is no guarantee or certainty that the trials conducted by the Subsidiary shall succeed, and failure of such trials may bind an update to the Subsidiary's research and development plan, the budgets and time schedules, and that in result to such failure the Company shall be exposed to additional risk factors as detailed in Section 26 of the Annual Report, which may significantly influence, jointly and severally, on the Company's assessments mentioned above.

About the Apo-Si Technology

The Apo-Si projectis aresearch and development project of the Company in the field of gene-therapy, which is aimed at the development of a proprietary molecular delivery system, for penetration of genetic matter through biological membranes, into cells. The technology is intended for use with genetic treatments, such as siRNA (small interfering RNA), which are based on short sequences of genetic matter, and are active in silencing of gene expressions which are involved in various disease processes. Transporting of genetic medications through the cell membranes is a significant barrier in the genetic treatment area, which prevents the application of innovative treatments for many diseases, since the genetic matter sequences are large molecules and contain significant negative charges, and the cells membranes in the body are fatty, therefore transportation of genetic medicines through the cells' membranes requires overcoming a significant energetic barrier. The technology is based on innovative molecules acting as "molecular engines", which are driven by a powerful electrical field found in the cell membranes, that act to transport the genetic sequences into the cell.

About the Company

The Company is engaged in research and development activity in the biological membranes area, for medical applications usage. The Company focuses on the gene-therapy area, and develops an innovative molecular delivery system, for delivery of genetic matter through biological membranes, in cultured cells and systematic delivery to the body, and intended for clinical usage

in various diseases. In parallel with the Company's focused activity of research and development in the gene-therapy area, the Company continues to pursue business opportunities regarding its other intellectual property assets.

Sincerely,

Aposense Ltd.

Signed on behalf of the Company by:

Prof. Ilan Ziv, CEO and CSO

Dr. Hagit Grimberg, VP Research and Development

Yuval Gottenstein, CFO and VP Business Development