



ROTOGRO

ASX Release

27 January 2022

Quarterly Activities Report for the Period Ended 31 December 2021

Roto-Gro International Limited (ASX:RGI) (“RotoGro” or the “Company”) is pleased to provide its quarterly activities report for the period ended 31 December 2021.

Quarter Highlights

- The Company executed a Brokerage Agreement with CannAcubed Pte Ltd. for prospective lawful cannabis technology sales in Thailand.
- The Company executed a Brokerage Agreement with Cultivatd Inc. to increase RotoGro’s target customer base using their vast, global network.
- The Company continues to work with Canniberia LDA pursuant to a previously executed Purchase and Sale Agreement.
- The Company continues to work with Wolf Island Cannabis Inc. pursuant to a previously executed Purchase and Sale Agreement.
- The Company continues to work with Fresh Leaf Limited pursuant to a previously executed Memorandum of Understanding.
- The Company executed an addendum to its Technology License Agreement with Verity Greens Inc.
- The Company released the initial phase of its corporate marketing overhaul, including a new Corporate Presentation and Corporate Video.
- The Company held its Annual General Meeting on 15 December 2021.
- The Company broadened its crop trials at its Canadian research and design facility.
- The Company currently has several prospective sales leads in Canada, the United States, Australia, and Europe.

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Directors

Michael Carli (Non-Executive Chairman)
Michael Di Tommaso (Executive Director)
Leighton Richards (Non-Executive Director)
Terry Gardiner (Non-Executive Director)

Chief Financial Officer

Karla Mallon

Company Secretary

Andrew Palfreyman





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Overview

The Company remains focused on establishing itself as a leading agricultural technology partner and supplier to the indoor vertical farming market for the cultivation of perishable foods and lawful cannabis. The Company's approach to low capital joint ventures, with prospective profit-share agreements, along with synergistic acquisitions remains steadfast as it collaborates with potential customers and partners in the indoor vertical farming space.

Operations and Business Development

The Company continued its groundwork for operations and business development during 2021. The Company fostered numerous relationships with perishable food and lawful cannabis companies globally, which it hopes to convert to revenue streams in 2022. The Company also implemented several business development initiatives to drive the commercial rollout of its Model 420 Rotational Garden Systems (the "**RotoGro 420**") and its Model 710 Rotational Garden Systems (the "**RotoGro 710**") (together, the "**RotoGro Gardens**"), along with its Plant Nutrient Management System (the "**Fertigation System**") and revamped Enterprise Edition iGrow Software System (the "**RotoGro Software**") (collectively, the "**RotoGro Technology**").

CannAcubed Pte Ltd.

Throughout the Quarter, the Company nurtured its relationship with CannAcubed Pte Ltd. ("**CannAcubed**"), a multinational, integrated industrial biotech company located in Singapore with operations in Australia, China, and Israel. RotoGro and CannAcubed executed a Brokerage Agreement post quarter end for a prospective lawful cannabis technology operation located in Thailand. CannAcubed executed an agreement in Thailand specific to the rollout of a commercial-scale cannabis cultivation facility for the development and production of CBD infused beverages, in addition to a Biotech Cannabis Cancer Treatment Hub. RotoGro has been targeted by CannAcubed to be its technology partner in the region. This collaboration will serve as a steppingstone for RotoGro's expected entry into the lawful cannabis market in Thailand.

Currently, the RotoGro and CannAcubed teams are collaborating on CannAcubed's existing project in Thailand, with RotoGro's technology being promoted as the solution for the indoor vertical

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cultivation of high-quality cannabis products. The teams look to provide a full-service, fully integrated cannabis solution in Thailand, which includes RotoGro's advanced indoor farming technology. The Company will continue to update the market as this collaboration evolves.

Cultivatd Inc.

During the Quarter, the Company executed a Brokerage Agreement with Cultivatd Inc. ("**Cultivatd**"), a leading global indoor vertical farming brokerage. RotoGro and Cultivatd are currently working to solidify RotoGro's position as an agricultural technology market leader, with Cultivatd promoting RotoGro's patented and proprietary indoor vertical farming technology to the broader industry. RotoGro anticipates that this collaboration will generate new, lucrative revenue streams for the purchase and sale of RotoGro's technology, along with the Company's other services, namely facility design, installation, technical support, and growing management services. Cultivatd operates in both the fresh produce (perishables) and cannabis industries, both of which have been integrated into RotoGro's business model.

Verity Greens Inc.

Throughout the Quarter, RotoGro and Verity Greens Inc. ("**Verity Greens**" or "**Verity**") made significant headway in establishing the footprint necessary to penetrate the global indoor farming space. Verity Greens is currently in discussions with three of North America's largest wholesale perishable food suppliers for which RotoGro continues product trials and testing at its research and design facility located in Caledon, Ontario, Canada (the "**RotoGro Facility**"). Based on the significant progress made to date, Verity Greens has revised its strategy to triple its prospective purchase order to pursue a full-scale commercial perishable food cultivation facility, consisting of 1872 RotoGro Rotational Garden Systems with all supporting technology for its first facility. Accordingly, the Company and Verity executed an Amending Agreement to amend its previously executed Technology License Agreement, which extends the deadline to execute a Definitive Agreement with RotoGro from December 31, 2021 to December 31, 2022. Verity Greens will retain a technology and patent license for use only for the cultivation of perishable foods, with global exclusivity based on a right of first refusal. As each party is equally important to the other's future growth in the North

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American perishable foods space, RotoGro is committed to working hand-in-hand with Verity Greens to drive significant value in 2022.

Fresh Leaf Limited

During the Quarter, the Company worked with Fresh Leaf Limited (“**Fresh Leaf**”) on the setup and installation of the previously shipped 3 RotoGro 710s. RotoGro and Fresh Leaf entered into a Memorandum of Understanding to explore synergistic opportunities for the development of full-scale commercial cultivation facilities in Oceania (including Australia and New Zealand).

Once the 3 Model 710s are operational, Phase Two of the RotoGro/Fresh Leaf collaboration for trials and testing at Fresh Leaf’s facility located in Victoria, Australia (the “**Australian Trials**”) will initiate. Throughout the Australian Trials, the companies will collaborate to assess the viability of the RotoGro technology as a cultivation solution for Fresh Leaf, in anticipation of a further purchase order of 48 RotoGro Model 710s to support Fresh Leaf’s pre-commercial pilot cultivation facility, with a view to establishing a long-term and sustainable joint venture leading to Fresh Leaf’s first, full-scale commercial indoor vertical farming facility utilizing the RotoGro Technology.

Wolf Island Cannabis Inc.

During the quarter, the Company continued to work with Wolf Island Cannabis Inc. (“**Wolf Island**”) in anticipation of its lawful cannabis cultivation facility buildout in 2022. The teams collaborated pursuant to a previously executed and binding Purchase and Sale Agreement for CAD \$380,000, whereby Wolf Island committed to RotoGro as its technology supplier by paying RotoGro a non-refundable deposit of CAD \$213,000.00. As a result of minor regulatory delays, the previously anticipated buildout for Q4 2021 has been extended to such time that Wolf Island is ready for the delivery and installation of its RotoGro technology.

Canniberia LDA

During the quarter, the Company worked diligently with Canniberia LDA (“**Canniberia**”) in connection with its previously executed Purchase and Sale Agreement, which provides for the purchase of 144 RotoGro 420s and 1 Fertigation System for the total purchase price of

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CAD\$1,904,000.00. Pursuant to this Agreement, the Company received Canniberia's initial purchase order for CAD \$1.039M for the first phase of the RotoGro technology order. Canniberia has provided the Company with frequent updates regarding the payment of the deposit, and RotoGro and Canniberia remain committed to the project, anticipate a swift rollout in later in 2022.

Perishable Food Product Trials with Leading Cultivators and Vertical Farming AgTech Companies

The Company is currently negotiating the terms of perishable foods product trials to take place at the RotoGro Facility with leading perishable foods cultivators and other indoor vertical farming agricultural technology companies with a view to converting these prospects into technology purchase and sale agreements, joint ventures, and/or vertical industry collaborations. The negotiations are progressing, focussing on the unique benefits of RotoGro's patented and proprietary, industry-disruptive agricultural technology.

Production and Sales Pipeline

The Company's Business Development team continues to target prospective customers and joint venture partners in the perishable foods and lawful cannabis industries globally to expand its presence as an agricultural technology partner in both business sectors.

Forward Looking

The Company currently has several sales leads with prospective customers in Canada, the United States, Australia, and Europe. Although these leads are highly prospective, it is not guaranteed these proposals will convert into sales orders and growing management contracts. Nonetheless, the Company is optimistic about converting these proposed transactions into sales as the Company continues to work diligently with new and existing customers at varying stages of their development.

Research and Development

Perishable Foods (Produce)

During the Quarter, RotoGro's Plant Science team expanded the scope of its trials to test new crop types for business development purposes.

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The Plant Science team implemented improved testing parameters for several new crop types, each of which exhibits promising preliminary results. The product range now includes Asian perishables varieties as the Company seeks to market itself as an important technology partner in this region.

The team also worked alongside Verity Greens and its prospective off-take partners on a variety of different crop types, each of which differ in terms of size and weight, cultivation duration, and nutrient formulas. These products have now been continuously tested and subjected to third-party, commercial-scale processing machinery and practices. These tests have generated interest in the products RotoGro cultivates. Trials and testing will continue as RotoGro looks to market the potential of its technology to different regions globally, with new products being cultivated in the RotoGro Gardens to demonstrate their potential.

Lawful Cannabis and Hemp

During the Quarter, RotoGro's Plant Science team also conducted cannabis trials and testing in the RotoGro 710. These trials form part of a broader strategy of the RotoGro Business Development Team to introduce the RotoGro 710 as a commercial-scale solution for the cultivation of lawful cannabis. Preliminary data accumulated in the previous Quarter shows that the electricity cost savings resulting from cultivation with the RotoGro 710 exceed those from the RotoGro 420 (in comparison to traditional flat deck, or multi-layered flat deck systems). Our team is currently trialling high CBD and hemp strains in the RotoGro 710 as the greater distance from the grow surface area to the centrally placed lighting system is better suited for its cultivation. The RotoGro 710 has the potential to open doors to new business development opportunities in the lawful cannabis and hemp space, globally.

Engineering, Design and Innovation

Throughout the Quarter, RotoGro's Engineering, Design and Innovation team continued to make progress on the commercialization of the "RotoGro Facility Edition" software system, the Company's latest addition to RotoGro's proprietary portfolio of technology. The team, directed by RotoGro's chief software engineer, worked on programming software to be used specifically with the RotoGro 710s and other respective automation aspects RotoGro has developed.

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The RotoGro Enterprise Edition software suite will play a key role in the automation of each indoor vertical farming facility utilizing the RotoGro Technology. The proprietary software controls all aspects of the grow from seed to harvest, including the integral movement of RotoGro's in-house developed Automated Guided Vehicles.

RotoGro previously decided to form an in-house software development team to write its own proprietary software codes, in conjunction with RotoGro's existing hardware technology team. This decision, given the complex yet fundamental integration of RotoGro's software into its technology gambit, is now demonstrating its immense potential. The RotoGro Facility Edition Software system will be one-of-a-kind, enhancing the innovative technology that RotoGro offers. In essence, it is the blanket technology that links otherwise separate technologies, providing for a comprehensive full-service, turnkey technology offering to the Company's prospective customers. The Company expects that this comprehensive software will be instrumental to its success in the indoor vertical farming industry.

During the Quarter, the team also worked closely with RotoGro's existing and prospective customers in Australia, Canada, the United States, and Europe, on the various designs and specifications of their respective cultivation facilities. Post quarter end, the team also worked on preliminary ideas with a prospective customer in Asia, for which the Company will provide a more in-depth update when reasonably practicable. The Company will update the market on these prospective opportunities when more information becomes available and in accordance with its continuous disclosure obligations.

Administration

Corporate Marketing Plan

During the Quarter, the Company released the first phase of its corporate marketing plan, including revised corporate presentations and customer information packages. This included a full-perspective, "deep dive" video, which was well received by the market. The Company will continue to introduce new marketing material as its projects progress, highlighting RotoGro's progress, near-term growth, and its long-term, sustainable potential throughout 2022.

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Dual Listing – Canadian Securities Exchange

The Company made a strategic decision to pursue a public listing on the Canadian Securities Exchange (the “CSE”) to complement its existing listing on the Australian Securities Exchange. RotoGro continues to work with its legal and advisory counsel in North America on this dual listing. As the North American indoor vertical farming industry continues to thrive, the Company looks to enhance its position in that market. The Company is currently in high-level discussions with reputable, large private equity firms in the Canadian space to bolster its market position once listed on the CSE.

Annual General Meeting

The Company conducted its Annual General Meeting on 15 December 2021. The Company released all information in accordance with its regulatory obligations.

Activity Expenditure

A summary of the Company’s expenditure incurred during the quarter in respect of the above business activities is set out in the below table:

Activity	Expenditure
Production and Sales Pipeline	AUD \$148,000
Research and Development	AUD \$71,000
Engineering, Design, and Innovation	AUD \$220,000
Administration, Corporate, and Grants	AUD \$719,000
Total	AUD \$1,158,000

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Q2 Financial Update

Net cash outflows from operations were \$1.1 million for the quarter. The material items of Administration and corporate costs, staff costs and Design and innovation costs, being \$0.35 million, \$0.23 million and \$0.22 million respectively.

Related Party Transactions

Payments to related parties and their associates during the quarter, as outlined in item 6 of the accompanying Appendix 4C, were A\$127k. These payments are in relation to executive management and board of director salaries.

Chief Executive Officer, Michael Di Tommaso, states, "This Quarter brings us to the end of 2021, during which the Company focussed on expanding the groundwork necessary to properly execute its strategic plan in 2022. The Company continues to make significant progress, although this was not reflected in the share price. That said, the focus for the balance of 2022 will continue to be execution. The Company is cognizant of the importance of, and confident in its ability to, generate revenue to drive shareholder value. RotoGro will work diligently with Verity Greens, Fresh Leaf, Canniberia, Wolf Island, and now CannAcubed, on their respective projects. It will also strive to convert other industry relationships into revenue generating opportunities, important for our sustained growth. Throughout the year, the Company made monumental operational progress, which was necessary to rebuild its foundation. RotoGro will work with its existing and new team members and drive its existing strategic opportunities to capitalise on its potential, all with the aim to drive significant value in 2022."

This announcement is authorised for release to the market by the Board of Directors of Roto-Gro International Limited.



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For more information please contact:

Investment Enquiries

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About Roto-Gro International Limited

Roto-Gro International Limited (“**RotoGro**”) is an Australian agricultural technology company. RotoGro utilises its state-of-the-art, automated agricultural cultivation technology to provide sustainable and cost-effective solutions to the thriving indoor vertical farming market. The Company’s global operations are focused supplying its proprietary, patented, and patents-pending technology to the indoor vertical farming space for both perishable food (produce) and lawful cannabis.

The core of RotoGro’s technology is its patented Rotational Garden Systems, which provide optimized yields per square meter and significantly lower operating costs when compared to other indoor vertical farming technologies. RotoGro’s Rotational Garden Systems are supported by its proprietary Enterprise Edition iGrow software, state-of-the-art nutrient management system, automation technologies, and in-house design and engineering services.

RotoGro’s in-house engineering teams provide consultative services for full facility designs to produce state-of-the-art facilities equipped with RotoGro’s technology. Further, RotoGro’s research and design team works with its existing customers to ensure their long-term success cultivating high-quality crops.

RotoGro has formalised a collaboration with Verity Greens Inc. for the cultivation of perishable foods (produce). This venture is reliant upon RotoGro’s technology to produce greater yields with lower operating costs. In addition, RotoGro continues to nurture relationships for technology sales and growing management services in the lawful cannabis cultivation space, globally.

RotoGro maintains its focus on expansion into industry-specific synergistic opportunities and exploring strategic partnerships in both the perishable food (produce) and the lawful cannabis space.



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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ROTO-GRO INTERNATIONAL LTD

ABN

84 606 066 059

Quarter ended ("current quarter")

31 Dec 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	19	242
1.2 Payments for		
(a) research and development	(71)	(152)
(b) product manufacturing and operating costs	(126)	(245)
(c) advertising and marketing	(41)	(120)
(d) leased assets	-	-
(e) staff costs	(229)	(377)
(f) administration and corporate costs	(346)	(610)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	37	187
1.8 Other (provide details if material)	-	-
- Business Development and consultants	(22)	(27)
- Legal Advisory fees	(96)	(165)
- Design & Innovation	(220)	(405)
- Property & facilities	(44)	(85)
1.9 Net cash from / (used in) operating activities	(1,139)	(1,757)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(c) property, plant and equipment	(124)	(215)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(124)	(215)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,200
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(149)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Lease repayments	(37)	(73)
3.10 Net cash from / (used in) financing activities	(37)	1,978

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,959	1,639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,139)	(1,757)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(215)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	1,978
4.5	Effect of movement in exchange rates on cash held	(29)	(15)
4.6	Cash and cash equivalents at end of period	1,630	1,630

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	1,630	2,959
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,630	2,959

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	127
6.2 Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: Directors being related parties of the Company were paid remuneration in the amount of \$127k during the December quarter. No other related party payments were made.</i>	

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,139)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,630
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	1,630
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.43
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes – Although the Company has undertaken measures to reduce cash outflows as a result of the global Covid-19 pandemic the current number of staff and net operating cash flows are required as a minimum to ensure the Company can deliver on the board agreed business strategy to drive sustained revenue and shareholder value	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The Company have a number of alternatives to raise cash as and when appropriate, including raising additional equity in support of delivering on the Company's strategy or cultivation and partnerships.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis that it expects to be able to secure funding as described in the answer to Question 2 above and deliver on securing near term partnerships and sales orders.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 27 January 2022

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.