



ROTOGRO

Quarterly Activities Report for the Period Ended March 31, 2017

Roto-Gro International Limited (**ASX:RGI** or the “**Company**”) is pleased to provide its quarterly activities report for the period ended March 31, 2017.

Quarter Highlights

- the Company successfully lists on the Australian Securities Exchange (“ASX”) and raises in excess of AUD \$3.5 Million pursuant to its initial public offering
- the Company enters into an agreement with EuroAg Corporation (“**EuroAg**”) for the supply of 240 Roto-Gro Units over a 12-month period
- the Company commences the production of 150 Roto-Gro units, resulting in significant double-digit percentage cost savings
- the Company commissions a series of medical cannabis trials which validate the advantages of cultivation using the Roto-Gro System
- changes in legislation pertaining to the cultivation of medical cannabis provide opportunities for the Company to increase capacity to support and supply the Canadian and Australian cannabis industries

Corporate Overview

On February 8, 2017, the Company successfully raised in excess of AUD\$3.5 Million (net of costs) pursuant to an initial public offering (“**IPO**”) through the placement of 17,616,500 fully paid ordinary shares (“**Placement**”) at AUD \$0.20 per share. The IPO was led by Barclay Wells Limited. The IPO was well supported by retail and sophisticated investors which is a strong endorsement of the Company’s short-term growth strategy, its underlying value, and its focus on expansion into industry synergistic opportunities by exploring strategic partnerships and complimentary acquisitions in related markets.

Operational Overview

On March 16, 2017, the Company entered into a distribution agreement with EuroAg Corporation (“**EuroAg**”) for the supply of 240 Roto-Gro units over a 12 month period representing annual revenue in excess of AUD \$2.25M (the “**EuroAg Agreement**”).

Upon the execution of the EuroAg Agreement, the Company entered into an agreement with Roto-Gro Technologies Inc. to manufacture and produce 150 Roto-Gro Model 420 units. This commitment to a large production run of 150 Roto-Gro units resulted in double-digit percentage cost savings for the Company.

Roto-Gro International Limited
ACN: 606 066 059
ASX Code: RGI

Registered and Business Office

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Perth WA 6000
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E: info@rotogro.com.au

Directors

Michael Carli
(Managing Director)
Michael Slater
(Executive Director)
Steve Brockhurst
(Non-Executive Director)
David Palumbo
(Non-Executive Director)

Company Secretary

David Palumbo



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This significant order also resulted in a reduction in delivery times and an increase in the Company's service and critical spare parts value proposition for its new and existing customers.

Research and Development

During its first quarter, the Company commissioned a series of medical cannabis trials which validate the competitive advantages of the Roto-Gro System over traditional flatbed hydroponic growing systems. The trials replicated growing conditions and environments for the same plant species in adjacent rooms involving the same input parameters including building space, power consumption and labour.

Most notably the trials highlighted that the Roto-Gro unit consistently yields more than 3 pounds of medical cannabis per 1,000 watts of energy for lighting. This amount is twice the industry average of 1.5 pounds of medical cannabis per 1,000 watts of energy for lighting in traditional flatbed hydroponic growing systems.

The trials also confirmed that the Roto-Gro growing system offers significant savings for operational costs including rent, electric power and labour charges. Under these conditions the cost of a Roto-Gro unit may be recouped in a single grow cycle, resulting in significant cost savings and financial benefits for licensed medical cannabis producers.

In the next quarter, the Company will commence its deployment of several Roto-Gro units to the Company's strategic partners at universities and research institutions throughout North America and Australia.

Australian Cannabis Market Update

On November 1, 2016, the Australian federal government legalised medical cannabis as a controlled prescription drug following changes to Australian Commonwealth legislation. These legislative changes have created another marketplace in Australia for the Company to capitalise on its industry-leading, proprietary technology.

Canadian Recreational Market Opportunity

The Canadian federal government has confirmed it will legalise recreational cannabis by July 1, 2018. This legislative change creates an opportunity for the Company to increase its production capacity to support and supply the cannabis

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market in Canada. The Company is actively canvassing Canada's medical cannabis industry to provide the most innovative and economical solutions for licensed cannabis producers to maximise both their yields and returns.

Managing Director, Michael Carli states, "The Company is very pleased with the progress made in its first quarter, which was kick-started with an incredibly successful listing. The Company's first quarter has been highly productive with admirable work being done by our sales and research teams. We will continue to build on our remarkable product offering by focusing on our expansion into industry-synergistic opportunities and by exploring strategic partnerships and complimentary acquisitions in related markets. We thank our shareholders for their ongoing support as the Company enters this exciting phase of its development. We look to a strong, vibrant future as the Company generates sales in the short term, underpinning our ongoing commitment to driving revenue and shareholder value."

--ENDS--

For more information please contact

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For Investment Enquiries

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About Roto-Gro International Limited

Roto-Gro International Limited is an Australia-based company with a worldwide exclusive licence to manufacture and distribute the Roto-Gro System (an advanced, automated rotary hydroponic vertical farming system) to medical cannabis producers, distributors and resellers, and a worldwide licence to distribute the Roto-Gro System for all other purposes including pharmaceuticals, health and nutrition supplements, nutraceuticals and perishable foods.

The Company is also focused on expanding into industry synergistic opportunities, exploring strategic partnerships and complimentary acquisitions in related markets.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ROTO-GRO INTERNATIONAL LIMITED

ABN

84 606 066 059

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(98)	(98)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(69)	(69)
(f) administration and corporate costs	(220)	(282)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(384)	(446)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,692	3,553
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(276)	(363)
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	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,416	3,190

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	846	134
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(384)	(446)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,416	3,190

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(30)	(30)
4.6	Cash and cash equivalents at end of quarter	2,848	2,848

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,848	846
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)	2,848	846

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
4
-

6.1 includes directors' fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
42
-

7.1 includes payments to Mining Corporate Pty Ltd for company secretarial and IPO management since August 2016

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(500)
9.3 Advertising and marketing	(30)
9.4 Leased assets	-
9.5 Staff costs	(220)
9.6 Administration and corporate costs	(80)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(830)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Roto-Gro World Wide Inc	N/A
10.2 Place of incorporation or registration	Mauritius	N/A
10.3 Consideration for acquisition or disposal	50,000,000 fully paid ordinary shares 5,000,000 Class A Performance Shares 7,000,000 Class B Performance Shares 9,000,000 Class C Performance Shares 9,000,000 Class D Performance Shares 30,000,000 Performance Rights	N/A
10.4 Total net assets	(\$US10,705) – 30 June 2016 audited	N/A
10.5 Nature of business	Capital Goods	N/A

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.

Sign here: Date:28 April 2017.....
(Director)

Print name: ..Stephen Brockhurst.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.