



ROTOGRO

31 January 2018

## Quarterly Activities Report for the Period Ended December 31, 2017

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

### Quarter Highlights

- Roto-Gro World Wide (Canada) Inc. (a wholly-owned subsidiary of Roto-Gro) takes possession of a new manufacturing and showroom facility with state-of-the-art grow rooms and data centre
- Roto-Gro works with several private and publicly-listed companies for the design and fit-out of their lawful cannabis growing facilities
- Roto-Gro launch growing management services; patent protected in the United States from competition in the rotational hydroponic space until 2023
- Roto-Gro continues its search and evaluation for synergistic supporting businesses; fertigation and nutirents for acquisition in support of its growing management services
- Roto-Gro provides an update regarding its licensed patents, patents-pending and trademarks

### Operational Overview

During the quarter, RotoGro World Wide (Canada) Inc., a wholly owned subsidiary of Roto-Gro International Limited (“ASX:RGI”, “Roto-Gro” or the “Company”), took possession of a new manufacturing and showroom facility located in the Town of Caledon, in the Province of Ontario, Canada (the “Facility”). The Facility has been completely built-out and provides for increased manufacturing and production; storage and dispatch; research and development; state-of-the-art grow rooms; and administrative offices. The Company will plant its first crops; both perishables and medicinal marijuana in the grow rooms during the next quarter to showcase the significant space,

#### Registered and Business Office

Level 11, 216 St Georges Terrace  
Perth WA 6000  
T: +61 8 9481 0389  
F: +61 8 9463 6103  
E: info@rotogro.com.au

#### Directors

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cost and yield advantages of the Roto-Gro System; displaying a side-by-side comparison of the equivalent space required to yield the same quantum of product under traditional 'flat deck' hydroponic conditions.

The Company is currently seeking out additional expertise to strengthen its management team and the Board as it moves into the next phase of growth. The emphasis in this regard is on adding sales personnel, legal advisors, commercial experts, botanists and agriculturists to support our growing management services business; as well as building on research and development relationships with independent third-party universities and technical institutions to further develop our intellectual property and enhance our competitive advantage in the hydroponic growing space.

### Production and Sales Pipeline

During the quarter, the Company made a further delivery of Roto-Gro Systems to EuroAg Corporation ("EuroAG") under the Distribution Agreement for member nations and dependencies of CARICOM (the Caribbean Community), in addition to the original 24 units placed into trial and pilot facilities, EuroAg have drawn down and paid for a further 36 machines in the December quarter. The original delivery schedule for EuroAg has been affected by the devastating 2017 Atlantic Hurricane Season and as such EuroAg will not complete their intended full draw down of units by the end of Q1 2018. Due to the extenuating circumstances resulting from the devastating hurricanes, the Company is currently in dialogue with EuroAg post quarter end to extend the term of the original Distribution Agreement to December 31, 2018 in order to permit EuroAg to continue as a Roto-Gro Distributor for the duration of 2018. The Company is pleased with its relationship with EuroAg and understands that the rebuilding of the CARICOM member nations after the hurricanes presents both the Company and EuroAg with a significant opportunity to develop long-term flagship perishable goods growing facilities in the region.

The Company continues its collaborative relationship with Amfil for the integration of Amfil's proprietary GRO3 Antimicrobial System with the Roto-Gro System to provide enhanced cultivation solutions for the lawful cannabis and indoor farming industries. Building on the first purchase order of one hundred (100) Roto-Gro Systems received from Amfil, the Company is currently working on

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the design and fit-out requirements for another Amfil facility which is projected to house two hundred and sixteen (216) Roto-Gro Systems. Amfil's first facility of 100 RotoGro Systems is still under construction and as such they have provided a non-refundable deposit against the first one hundred (100) Units but are yet to commence drawdown on delivery of Machines.

During the quarter the Company commenced working with several private and publicly-listed companies for the design and fit-out of their lawful cannabis growing facilities, two of which are currently growing in facilities under greenhouse conditions and they are eager to utilise the Roto-Gro System to fast-track the vegetation and propagation of plants for transfer to their greenhouses. With most greenhouses providing for one or two harvests per year (depending on geographical location and contingent on additional setup with light and temperature control), the plan is for Roto-Gro Systems to be used for traditional indoor hydroponic growing when not propagating plants for the greenhouses. The design support, drafting of specifications and liaising with local municipalities continues into the next quarter.

## Design Services & Growing Management

Post Quarter End, the Company announced the launch of its growing management services which solidifies its position as the market leader in vertical hydroponic farming. Through this offering, Roto-Gro will manage all aspects of license development from design and build-out to growing management (nutrient feeding and lighting cycles), and harvest. The demand for growing management services is particularly strong in North America where the Company holds the license for the only American patent for a complete automated rotational hydroponic garden system. This provides Roto-Gro with protection in the United States from competition in the rotational hydroponic space until 2023.

The Company is well positioned to capitalise on revenues from the lawful sales of cannabis in North America which are projected to be \$14 billion in 2018 – the greatest globally. Our proprietary and patented technology combined with our growing management expertise (providing the lowest cost per gram of cannabis) solidifies our competitive advantage and significantly de-risks our global entry into the growing management space. This provides the Company with an unrivalled opportunity to

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generate significant annual revenues, in addition to those generated from machine sales and software services.

The Company continues to work with new and existing Cannabis Cultivators and Hydroponic Farmers assisting with build-out designs and installation specifications. The Company is confident that the approval of these designs and the successful granting of licenses will facilitate a solid pipeline of future orders.

### **Strategic Partnerships and Complimentary Acquisitions**

The Company is working towards a strategic partnership or acquisition in the fertigation space to provide complimentary and value add services to the Roto-Gro Hydroponic Garden System in addition to providing stand-alone solutions to greenhouse and traditional flat deck cultivators of lawful cannabis. An acquisition or strategic partnership in this space will provide for design solutions of controlled water treatment and nutrient management systems for all other purposes including pharmaceuticals, health and nutrition supplements, nutraceuticals and perishable foods. This will further expand the Company's revenue streams and its footprint as a global solutions provider to the agricultural industry.

The Company also continues its search and evaluation of a nutrients business for acquisition or a white labelling agreement in order to meet the Company's ongoing growing management service needs; post order, delivery and setup of customer operations. The Company sees a valuable revenue stream in both providing nutrients and supporting the Company's licensed iGrow™ software management system.

### **Patent Update**

The Company would like to update the current status of Patents, Patent Applications, Registered Trademarks, and Trademark Applications owned by Roto-Gro Inc. and Roto-Gro IP Inc. The following tables summarise the details and status of the Patents in Table 1 and Registered Trademarks and Trademark Applications in Table 2.

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**Table 1: Patents and Patent Applications**

Title		Application Number	Filing Date	Status
Rotary Plant Growing Apparatus	U.S.	10/375,681	February 28, 2003	Patent Granted January 11, 2005; <b>valid and enforceable to February 28, 2023</b> . Patent Number: US 6,840,007 B2
Growing Tray and Cap for Rotating Hydroponic Gardening	U.S.	14/287,666	May 27, 2014	In examination Response to examiner's report filed. Awaiting further examiner's report or allowance.
Stackable Modular Rotatable Gardening System	U.S.	14/883,	October 14, 2015	In examination Response to examiner's report filed. Awaiting further examiner's report or allowance.
Growing Tray and Cap for Rotating Hydroponic Gardening	Patent Co-Op Treaty	PCT /CA2015 /050478	May 26, 2015 Priority filing date: May 27/14	Pending Published International Search Report and Written Opinion issued. Final stage to enter national phase in Canada.
Stackable Modular Rotatable Gardening System	Canada	2,908,184	October 13, 2015	Pending <b>October 13, 2017</b> – 2nd anniversary maintenance paid. <b>October 13, 2020</b> – deadline to request examination.
Stackable Modular Rotatable Gardening System	Australia	2015243012	October 14, 2015	Pending – awaiting examination <b>October 14, 2019</b> – annuity payment made.
Stackable Modular Rotatable Gardening System	Europe	15189807.9	October 14, 2015	Pending – awaiting examination <b>April 30, 2018</b> – annuity payment made.

**Table 2: Registered Trademarks and Trademark Applications**

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Country	Mark	Filed	Serial No.	Registered	Reg No.
Canada	ROTO-GRO	October 12, 2004	1233428	November 22, 2005	TMA653247
USA	ROTO-GRO	November 5, 2001	78512472	August 18, 2009	3669415
Canada	ROTO-GRO	October 12, 2004	1233428	November 22, 2005	TMA653247
USA	ROTO-GRO	November 5, 2001	78512472	August 18, 2009	3669415
Canada	iGrow	October 27, 2014	1699679	May 1, 2017	TMA969545
Canada	ROTO-GROWN	April 7, 2015	1722362	August 17, 2016	TMA946551
Canada	SUSTAINABLE SECURE SAFE	April 7, 2015	1722361	March 27, 2017	TMA966720
Canada	THE GREEN HOUSE EVOLVED	April 7, 2015	1722363	August 17, 2016	TMA946560

Country	Mark	Filed	Serial No.	Registered	Reg No.	Status
Canada	RotoGro	January 27, 2018	1879898			Filed

Managing Director, Michael Carli states, “The Company is extremely pleased with the Company’s progress in this quarter. Our team has worked diligently to mitigate the disruption to our business resulting from the transition to our new facility. Our state-of-the-art grow rooms and data centre are nearing completion and our first crops will be planted in February. Our sales leads and pipeline continue to grow and prosper with tier-one publicly listed companies owing to the strength of our proprietary and patented technology. The Company is extremely excited about the next quarter and the year ahead as we continue to focus on the expansion of our service offering and business verticals via growth, partnerships and acquisitions. We continue to undertake market research in our quest to expand our business vertical of growing management in conjunction with the support and synergistic businesses of fertigation and nutrients to build complimentary and independent revenue

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streams to our core business. Each of these verticals provide the opportunity for long term renewable contracts and sustained revenue, further enhancing shareholder value.”

--ENDS--

**For more information please contact**

**Roto-Gro International Limited**

Michael Carli  
Managing Director  
[michael.carli@rotogro.com](mailto:michael.carli@rotogro.com)  
+1 905 850 5060

**For Investment Enquiries**

Terry Gardiner  
Barclay Wells Limited  
[t.gardiner@barclaywells.com](mailto:t.gardiner@barclaywells.com)  
+61 (08) 6380 4444

**About Roto-Gro International Limited**

Roto-Gro International Limited is an Australian-based company with licensed, proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space. Roto-Gro holds worldwide exclusive licenses for lawful medicinal and recreational cannabis markets and worldwide licences 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, which include, growing management services, world class fertigation systems, industry leading nutrients, emerging tissue culture expertise and other supporting faculties of hydroponic growing.

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