



6 August 2018

Ms Shannon Nicholson
Principal Advisor, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Shannon

Response to ASX query dated 27 July 2018

I refer to ASX's letter to Roto-Gro International Limited (**Company** or **RGI**) dated 27 July 2018 and to the Company's presentation announced 24 July 2018 (**Presentation**).

In response to your letter (using your numbering and capitalised terms):

1 Noting the guidance prescribed in ASIC's Regulatory Guide 170: Prospective financial information, please provide the following information for each line item of the RotoGro Forecasts (as set out in the table inserted on page 1 of this letter):

1.1 the basis for each of the RotoGro Forecasts;

The basis for each of the RotoGro Forecasts is as follows:

1. Growing area per 1,000 sqft (93m²) - Slide 12 of the Presentation refers to growing area, whereas the correct reference ought to be to growing footprint. The difference is that growing area is the actual area available for planting crop; whereas growing footprint is the actual footprint required for a particular growing area. In the case of flat bed and the RotoGro system, the growing area is slightly less than the growing footprint area as it is not possible to plant to the edge of a flat deck table or RotoGro Unit.

This statement is corrected to "Growing Footprint" to avoid any misunderstanding between equipment footprint and the effective area used for planting. The stated yields for each application are correct and do not change.

2. Number of annual harvests:



- (a) Generally it takes 3-4 months to grow an average cannabis plant using hydroponic methods¹.
 - (b) The number of harvests using RotoGro's machine is based upon growing trials undertaken using various versions of the RotoGro machines since 2001, including by Frozen Penguin and Miracle Valley (two independent Canadian cannabis growers who have trialed the machines over 6 and 12 month periods respectively). This is also validated by Mr Kelly Zastowny, who has worked in the hydroponic industry for approximately 40 years and who has been using or involved in the use of RotoGro machines since 2001. The trials have not been specifically announced, but rather have taken place over the period since the RotoGro machine has been developed and operated. As the machine has evolved its use has become more structured.
3. Annual yield per 10,000 sqft (930m²) - The annual yield comparison is built up on slide 12 from a single unit to a room to a 10 room facility. This is compared to the flat deck arrangement on the same basis.
- (a) The RotoGro unit yields on average 7lbs of cannabis every 60 days. This is based upon growing trials undertaken using various versions of the RotoGro machines since 2006 as detailed in answer 1 above.
 - (b) The industry average yields per sqft of flat deck hydroponic growing is approximately 40 grams². This equates to 1,280 grams per 32 sqft or 2.8 lbs per 32 sqft. An extra 25% uplift has been added to increase this to 3.5 lbs per 32 sqft to provide a fair and conservative comparison for flat deck growers who perform better than average.
4. Pounds per 1,000 watts (HPS lamps) - Pounds per 1,000 Watts is a function of the amount of lighting in each application when using HPS Lamps
- (a) the RotoGro unit uses 4 x 600 watt HPS lamps for a total of 2,400 watts of lighting per machine for an average yield of 7lbs which equates to 3lbs / 1,000 watts.
 - (b) The 4' x 35' traditional flat deck tables have 10 x 1,000 watt lights above the full length of the table. Using the industry average yield per sqft of flat deck

¹ <https://www.google.co.uk/amp/s/cannabistraininguniversity.com/how-long-does-it-take-to-grow-cannabis/amp/>

² (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



hydroponic growing of circa 40 grams³ the total grams yielded from the 4' x 35' table = 140 x 40 = 5,600 grams or 12.35 lbs. Divide this by 10,000 watts = 1.235 lbs per 1,000 watts for which we rounded this up to 1.25 lbs per 1,000 watts.

5. Annual revenue per 10,000 sqft (930m2) - Annual revenue per 10,000 sqft facility is based on the annual yield on slide 12 multiplied by the assumed average wholesale price of \$2,000 /lb. The Canadian Finance Minister; Charles Sousa announced in September 2017 that the retail price per gram of lawful cannabis will be \$10 per gram which equates to \$4,500 per pound. The Company have used a reduction of 55% in deriving the value of \$2,000 per pound in the Investor Presentation. This also equates to a factor of 2.25 from wholesale to retail pricing.
6. Ave capital cost per 10,000 sqft (930m2) - This is based on the costs RGI have built up for all fit-out (including, electrical, HVAC, humidity management, fire control, fertigation, ozone, humidity management, laboratory, harvest and preparation facilities, offices & ablutions as well as the RotoGro machines) for Miracle Valley and other RGI customers (actual and potential), and RGI's experience in building grow rooms at its facility in Toronto, Canada. In order to provide a fair comparison to flat deck growing we have assumed the same costs for all common facilities minus the cost of the RotoGro machines and assuming zero cost for the flat deck rolling table and lighting.
7. IRR 10 year - The Company acknowledges that it does not have a reasonable basis (as contemplated by ASX Regulatory Guide 170) for the IRR 10 year statement, and this statement is retracted. Investors should not rely on the retracted information as a basis for an investment decision concerning the Company.
8. 10 Year NPV with 10% discount rate - The Company acknowledges that it does not have a reasonable basis (as contemplated by ASX Regulatory Guide 170) for the 10 Year NPV statement, and this statement is retracted. Investors should not rely on the retracted information as a basis for an investment decision concerning the Company.

1.2 the material assumptions underpinning each of the RotoGro Forecasts;

1. Number of annual harvests - assumptions are as follows:

³ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



- (a) 3-4 months to grow an average cannabis plant using traditional flatbed hydroponic methods.
 - (b) 2 months grow an average cannabis plant using the RotoGro hydroponic method.
- 2. Annual yield per 10,000 sqft (930m²) - The assumptions are:
 - (a) The RotoGro unit yields on average 7lbs of cannabis every 60 days.
 - (b) The industry average yields per sqft of flat deck hydroponic growing is approximately 40 grams. This equates to 1,280 grams per 32 sqft or 2.8 lbs per 32 sqft. An extra 25% uplift has been added to increase this to 3.5 lbs per 32 sqft to provide a fair and conservative comparison for flat deck growers who perform better than average.
- 3. Pounds per 1,000 watts (HPS lamps) - Pounds per 1,000 Watts is a function of the amount of lighting in each application when using HPS Lamps
 - (a) The RotoGro unit uses 4 x 600 watt HPS lamps for a total of 2,400 watts of lighting per machine for an average yield of 7lbs which equates to 3lbs / 1,000 watts.
 - (b) The 4' x 35' traditional flat deck tables have 10 x 1,000 watt lights above the full length of the table. Using the industry average yield per sqft of flat deck hydroponic growing of circa 40 grams⁴ the total grams yielded from the 4' x 35' table = 140 x 40 = 5,600 grams or 12.35 lbs. Divide this by 10,000 watts = 1.235 lbs per 1,000 watts for which we rounded this up to 1.25 lbs per 1,000 watts.
- 4. Annual revenue per 10,000 sqft (930m²) - Annual revenue per 10,000 sqft facility is based on the annual yield on slide 12 multiplied by the assumed average wholesale price of \$2,000 /lb, which is 44% of the retail price per pound.
- 5. Ave capital cost per 10,000 sqft (930m²) - This assumes that a factory build out price is equal to or similar to historical (estimated and actual) costs that RGI has incurred in facility fit-outs (both on its own behalf and on behalf of clients). In order to provide a fair comparison to flat deck growing we have assumed the same costs for all common facilities minus the cost of the RotoGro machines and assuming zero cost for the flat deck rolling table and lighting.

⁴ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



1.3 the factors with RGI believes gives it a reasonable basis to publish the RotoGro Forecasts;

Insofar as the RotoGro Forecasts relate to Rotogro machine, the number and duration of growing trials that have taken place using the machine:

1. Growing footprint - the factors are set out on slide 12 of the Presentation.
2. Number of annual harvests - factors are as follows:
 - (a) The average period to grow cannabis plants using traditional flatbed hydroponic methods is well known within the Canadian cannabis industry.
 - (b) Harvests using RotoGro's machine is based upon previous growing trials undertaken using various versions of the RotoGro machines since 2001, including by Frozen Penguin and Miracle Valley (two independent Canadian cannabis growers who have trialed the machines over 6 and 12 month periods respectively), and as validated by Mr Zastowny.
3. Annual yield per 10,000 sqft (930m²) - The annual yield comparison is built up on slide 12 from a single unit to a room to a 10 room facility. This is compared to the flat deck arrangement on the same basis. The factors are which provide the reasonable basis are:
 - (a) The RotoGro unit yields on average 7lbs of cannabis every 60 days.
 - (b) The industry average yields per sqft of flat deck hydroponic growing is approximately 40 grams⁵. This equates to 1,280 grams per 32 sqft or 2.8 lbs per 32 sqft. An extra 25% uplift has been added to increase this to 3.5 lbs per 32 sqft to provide a fair and conservative comparison for flat deck growers who perform better than average.
4. Pounds per 1,000 watts (HPS lamps) - Pounds per 1,000 Watts is a function of the amount of lighting in each application when using HPS Lamps. The factors which provide a reasonable basis are:
 - (a) the RotoGro unit uses 4 x 600 watt HPS lamps for a total of 2,400 watts of lighting per machine for an average yield of 7lbs which equates to 3lbs / 1,000 watts.

⁵ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



- (b) The 4' x 35' traditional flat deck tables have 10 x 1,000 watt lights above the full length of the table. Using the industry average yield per sqft of flat deck hydroponic growing of circa 40 grams⁶ the total grams yielded from the 4' x 35' table = 140 x 40 = 5,600 grams or 12.35 lbs. Divide this by 10,000 watts = 1.235 lbs per 1,000 watts for which we rounded this up to 1.25 lbs per 1,000 watts.
5. Annual revenue per 10,000 sqft (930m²) - The factors that provide a reasonable basis for this are the annual yield calculation as set out on slide 12 and a statement by Canadian Finance Minister in September 2017 as to the retail price of lawful cannabis.
6. Ave capital cost per 10,000 sqft (930m²) - This is based on the costs RGI have built up for all fit-out (including, electrical, HVAC, humidity management, fire control, fertigation, ozone, humidity management, laboratory, harvest and preparation facilities, offices & ablutions as well as the RotoGro machines) for Miracle Valley and other RGI customers (actual and potential), and RGI's experience in building grow rooms at its facility in Toronto, Canada. In order to provide a fair comparison to flat deck growing we have assumed the same costs for all common facilities minus the cost of the RotoGro machines and assuming zero cost for the flat deck rolling table and lighting.
- .

1.4 what steps RGI took to verify the reasonableness and reliability of the RotoGro Forecasts; and

1. Growing room footprint - the methodology to verify the reasonableness of the growing room footprint is set out on slide 12 of the Presentation.
2. Number of annual harvests - these were verified by industry averages and growing trials using the RotoGro machine.
3. Annual yield per 10,000 sqft (930m²) - The annual yield comparison is built up on slide 12 from a single unit to a room to a 10 room facility. This is compared to the flat deck arrangement on the same basis.
 - (a) The RotoGro unit yields on average 7lbs of cannabis every 60 days. This is based upon growing trials undertaken using various versions of the RotoGro machines since 2006 as detailed in answer 1 above.

⁶ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



- (b) The industry average yields per sqft of flat deck hydroponic growing is approximately 40 grams⁷. This equates to 1,280 grams per 32 sqft or 2.8 lbs per 32 sqft. An extra 25% uplift has been added to increase this to 3.5 lbs per 32 sqft to provide a fair and conservative comparison for flat deck growers who perform better than average.
- 4. Pounds per 1,000 watts (HPS lamps) - Pounds per 1,000 Watts is a function of the amount of lighting in each application when using HPS Lamps
 - (a) the RotoGro unit uses 4 x 600 watt HPS lamps for a total of 2,400 watts of lighting per machine for an average yield of 7lbs (verified from growing trials) which equates to 3lbs / 1,000 watts.
 - (b) The 4' x 35' traditional flat deck tables have 10 x 1,000 watt lights above the full length of the table. Using the industry average yield per sqft of flat deck hydroponic growing of circa 40 grams⁸ the total grams yielded from the 4' x 35' table = 140 x 40 = 5,600 grams or 12.35 lbs. Divide this by 10,000 watts = 1.235 lbs per 1,000 watts for which we rounded this up to 1.25 lbs per 1,000 watts.
- 5. Annual revenue per 10,000 sqft (930m2) - Annual revenue per 10,000 sqft facility is based on the annual yield on slide 12 multiplied by the assumed average wholesale price of \$2,000 /lb. This price is verified by statements made by the Canadian Finance Minister, Charles Sousa.
- 6. Ave capital cost per 10,000 sqft (930m2) - This is verified by RGI's experience in designing and building its grow rooms (including the grow rooms at its facility in Bolton, Toronto).

1.5 any independently or objectively verifiable sources of information that RGI has to establish that there are reasonable grounds for the RotoGro Forecasts.

- 1. Number of annual harvests - independently or objectively verifiable sources of information:

⁷ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)

⁸ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



- (a) Industry average to grow an average cannabis plant using hydroponic methods⁹.
 - (b) Average harvest period using RotoGro's machine is based upon previous growing trials undertaken using various versions of the RotoGro machines since 2001, including by Frozen Penguin and Miracle Valley (two independent Canadian cannabis growers who have trialed the machines over 6 and 12 month periods respectively), and as validated by Mr Zastowny.
- 2. Annual yield per 10,000 sqft (930m2) - The annual yield comparison is built up on slide 12 from a single unit to a room to a 10 room facility. This is compared to the flat deck arrangement on the same basis
 - (a) The RotoGro unit yields on average 7lbs of cannabis every 60 days. This is based upon growing trials undertaken using various versions of the RotoGro machines since 2006.
 - (b) The industry average yields per sqft of flat deck hydroponic growing is approximately 40 grams¹⁰.
- 3. Pounds per 1,000 watts (HPS lamps) - Pounds per 1,000 Watts is a function of the amount of lighting in each application when using HPS Lamps
 - (a) the RotoGro unit uses 4 x 600 watt HPS lamps for a total of 2,400 watts of lighting per machine for an average yield of 7lbs (determined from RotoGro's growing trials) which equates to 3lbs / 1,000 watts.
 - (b) The 4' x 35' traditional flat deck tables have 10 x 1,000 watt lights above the full length of the table. Using the industry average yield per sqft of flat deck hydroponic growing of circa 40 grams¹¹ the total grams yielded from the 4' x 35' table = 140 x 40 = 5,600 grams or 12.35 lbs. Divide this by 10,000 watts = 1.235 lbs per 1,000 watts for which we rounded this up to 1.25 lbs per 1,000 watts.
- 4. Annual revenue per 10,000 sqft (930m2) - Annual revenue per 10,000 sqft facility is based on the annual yield on slide 12 multiplied by the assumed average wholesale

⁹ <https://www.google.co.uk/amp/s/cannabistraininguniversity.com/how-long-does-it-take-to-grow-cannabis/amp/>

¹⁰ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)

¹¹ (<http://www.cannabisbusinesstimes.com/article/measuring-yield/>)



price of \$2,000 /lb. The basis for the price estimate is an announcement by the Canadian Finance Minister, Charles Sousa in September 2017.

5. Ave capital cost per 10,000 sqft (930m2) - This is based on the costs RGI have built up for all fit-out (including, electrical, HVAC, humidity management, fire control, fertigation, ozone, humidity management, laboratory, harvest and preparation facilities, offices & ablutions as well as the RotoGro machines) for Miracle Valley and other RGI customers (actual and potential), and RGI's experience in building grow rooms at its facility in Toronto, Canada.

2 Please confirm that RGI is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

RGI confirms that it is in compliance with the Listing Rules, and in particular Listing Rule 3.1.

3 Please confirm that RGI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGI with delegated authority from the board to respond to ASX on disclosure matters.

RGI confirms that the responses to the questions above have been authorised and approved in accordance with its published disclosure policy by the Board of RGI.

By order of the Board

Yours sincerely

David Palumbo

Company Secretary



27 July 2018

Mr David Palumbo
Company Secretary
Roto-Gro International Limited
Level 11, London House, 216 St Georges Tce
PERTH WA 6000

By Email: david@miningcorporate.com.au

Dear Mr Palumbo

Roto-Gro International Limited ("RGI")

ASX Limited ("ASX") refers to the following:

- A. The announcement by RGI released on ASX's Market Announcement Platform ("MAP") on 24 July 2018 at 09:19am AEST titled "Investor Presentation" ("Announcement"). The Announcement disclosed the following:
- On slide 19 - *The Company plan on building an entry level 10 room, 240 unit facility with annual production projected at 10,080 lbs (4,570kg) per annum.*
 - On slide 19 - *The increased yields of the RotoGro system compounded with the lower operating costs and shorter payback period puts RotoGro in good stead to be recognised as the market leader in the Lawful Cannabis Space.*
 - On slide 21 - A Rotogro v Traditional Flat Deck (Cannabis Comparison), as per the below table. This letter refers to the RotoGro information in this table (including the Annual Revenue per 10,000 sqft, Average Capital Costs per 10,000 sqft , IRR 10 Year and 10 Year NPV with 10% Discount Rate figures) as the "RotoGro Forecasts".

ROTOGRO VS TRADITIONAL FLAT DECK (CANNABIS COMPARISON)		
* assumed \$2,000/lb	RotoGro	Flat Deck
Growing Area per 1,000 sqft (93m2)	2,400 sqft (225m2)	700 sqft (65m2)
Number of Annual Harvests	6	3
Annual Yield per 10,000 sqft (930m2)	10,080lb (4,570kg)	2,380lb (1,040kg)
Pounds per 1,000 watts (HPS Lamps)	3	1.25
Annual Revenue per 10,000 sqft (930m2)*	\$20,160,000	\$4,620,000
Ave Capital Cost per 10,000 sqft (930m2)	-\$5,000,000	-\$2,600,000
IRR 10 Year	281%	123%
10 Year NPV with 10% Discount Rate	\$81,278,570	\$17,033,072

NOTE: FLAT DECK CAPITAL COST HAS BEEN ASSUMED BY REDUCING THE ROTOGRO UNIT COST FROM THE ROTOGRO FACILITY CAPITAL COST FOR A STANDARD 10 ROOM 10,000 SQFT FACILITY

20 Bridge Street
Sydney NSW 2000

B. ASIC's Regulatory Guide 170: *Prospective financial information*, in particular:

- a. RG 170.11 - *We believe the general test of whether prospective financial information must be disclosed is whether it is:*
 - (a) *relevant to its audience; and*
 - (b) *reliable (i.e. there must be a reasonable basis for it: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584).*
- b. RG 170.16 – *A disclosure document or PDS should only include prospective financial information if there are reasonable grounds for its inclusion. This applies even if the information has been used to estimate future performance for internal planning purposes.*
- c. RG 170.17 - *The making of a statement that contains prospective financial information (i.e. a forward-looking statement) must have reasonable grounds or it will be taken to be misleading under s728(2) or 769C of the Corporations Act. What are 'reasonable grounds' should be determined objectively in light of all of the circumstances at the time of the statement, so that a reasonable person would view as reasonable the grounds for the statement.*
- d. RG 170.18 - *We consider that prospective financial information based on hypothetical assumptions (rather than reasonable grounds) is likely to be misleading and provide little information value to investors. In our view, prospective financial information without reasonable grounds is not material to investors, nor would an investor reasonably require it or reasonably expect to find it in a disclosure document or PDS.*
- e. RG 170.24 - *The making of a statement that contains prospective financial information must have reasonable grounds or it will be taken to be misleading: see RG 170.17–RG 170.19. To demonstrate reasonable grounds, an issuer must be able to point to:*
 - (a) *some facts or circumstances;*
 - (b) *existing at the time of publication of the information in the disclosure document or PDS;*
 - (c) *on which the issuer in fact relied;*
 - (d) *which are objectively reasonable; and*
 - (e) *which support the information: see Sykes v. Reserve Bank of Australia (1999) ATPR 41–699, Heerey J at 42–902.*
- f. RG 170.41 - *We generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. However, for an existing business preparing a statement on estimates for up to two years, we will generally not regard as necessary independent verification if there otherwise appear to be reasonable grounds to make the statement. Directors should state why they believe the information is objectively reasonable. We may still take action on a statement on estimates for up to two years if we believe there are no reasonable grounds to provide it.*
- g. RG 170.42- *The reasonable grounds requirement means that there should be a relevant factual foundation for the prospective financial information and that the information is not contrived: see George v. Rockett (1990) 170 CLR 104 and Re Aldred & Dept of the Treasury (1994) 35 ALD 685.*

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- h. RG 170.50 - ***The general principles in this regulatory guide also apply to advertising because of the interaction of s769C and 1041H.*** [emphasis added]

Section 769C states:

For the purposes of this Chapter, or of a proceeding under this Chapter, if:

- (a) a person makes a representation with respect to any future matter (including the doing of, or refusing to do, any act); and*
- (b) the person does not have reasonable grounds for making the representation; the representation is taken to be misleading.*

Section 1041H states:

A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service, that is misleading or deceptive or is likely to mislead or deceive.

- i. RG 170.54 - *If an issuer includes prospective financial information in a disclosure document or PDS, we may also closely examine supporting documents to determine whether there are reasonable grounds for including the prospective financial information if:*
 - (a) the issuer is in the start-up phase;*
 - (b) the issuer will substantially change its operations following the fund or capital raising;*
 - (c) the issuer's present activities constitute research and development of products and the development is not significantly advanced to warrant a reasonable expectation that the products will be commercialised; or*
 - (d) the prospective financial information indicates a return significantly higher than industry competitors or historical performance.*
- j. RG 170.59 - *Investors should be given enough information to enable them to:*
 - (a) assess whether the prospective financial information is relevant and reliable (i.e. to form their own view about how reasonable the grounds are for making the statement); and*
 - (b) identify with certainty the facts and circumstances that support prospective financial information, as well as being able to demonstrate that the information is reasonable.*
- k. RG 170.61 - *A disclosure document or PDS must specifically disclose any assumptions used in compiling prospective financial information that materially affect the forecast outcome. The assumptions should be detailed and specific enough to enable the investor to work through all of the prospective financial information. This may require details about how returns are calculated during each year that the information covers. Among other things, assumptions about expenditures, revenues, inflation rates and other such variables should be clearly disclosed and highlighted if different assumptions have been used for different parts of the term that the prospective financial information covers.*
- l. RG 170.62 *Investors must be able to assess:*
 - (a) the validity of the assumptions on which the prospective financial information is based;*
 - (b) the likelihood of the assumptions actually occurring; and*
 - (c) the effect on the prospective financial information if the assumptions vary.*

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- m. RG 170.63 - *We expect a disclosure document or PDS to disclose material assumptions about:*
 - (a) *specific future economic conditions; and*
 - (b) *particular circumstances affecting a company or financial product and the industries relevant to that company or financial product.*
 - n. RG 170.64 - *Disclosure of the material assumptions allows an investor or adviser to make an informed assessment of an issuer's prospects, or a person as a retail client to make an informed decision whether to acquire the product.*
 - o. RG 170.65 - *An assessment of the impact of these assumptions on prospective financial information should also be included. However, a disclosure document or PDS does not have to:*
 - (a) *state general assumptions, such as the absence of war or natural disasters, unless the forecast takes these events into account; or*
 - (b) *disclose assumptions that would not materially affect the prospective financial information.*
 - p. RG 170.66 - *It is not sufficient to state the general nature of an assumption. Specific quantities or amounts should be set out. For example, it may not be sufficient to state that prospective financial information is based on an anticipated recovery in equity markets, without setting out the amount of the required recovery: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584.*
 - q. RG 170.67 - *We consider that because the presence or absence of reasonable assumptions is a factor in any determination of whether an issuer has satisfied the relevant disclosure obligation, the basis for the assumptions underlying the prospective financial information should be stated in the disclosure document or PDS in order that an investor has some means of assessing that information: see Miba Pty Ltd v. Nescor Industries (1996) 141 ALR 525 and Wesfi Ltd v. Blend Investments Pty Ltd (1999) 31 ACSR 69.*
 - r. RG 170.68 - *Disclosure of the basis for prospective financial information may reduce the capacity of the information to mislead because such disclosure assists the assessment/decision of an investor or retail client.*
 - s. RG 170.78 - *Investors must be able to assess the reliability of prospective financial information. To do this, they should be able to assess whether the key assumptions are likely to occur. Therefore, a disclosure document or PDS must disclose material details about the enquiries and research undertaken and the process followed in preparing the information.*

A complete copy of the Regulatory Guide is available at:

<http://download.asic.gov.au/media/1240943/rg170-010411.pdf>

Request for Information

Having regard to the above, ASX asks RGI to respond separately to each of the following questions and requests for information in a form suitable for release to the market.

- 1 Noting the guidance prescribed in ASIC's Regulatory Guide 170: *Prospective financial information*, please provide the following information for each line item of the RotoGro Forecasts (as set out in the table inserted on page 1 of this letter):
 - 1.1 the basis for each of the RotoGro Forecasts;

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- 1.2 the material assumptions underpinning each of the RotoGro Forecasts;
 - 1.3 the factors with RGI believes gives it a reasonable basis to publish the RotoGro Forecasts;
 - 1.4 what steps RGI took to verify the reasonableness and reliability of the RotoGro Forecasts; and
 - 1.5 any independently or objectively verifiable sources of information that RGI has to establish that there are reasonable grounds for the RotoGro Forecasts.

General Compliance

- 2 Please confirm that RGI is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
- 3 Please confirm that RGI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGI with delegated authority from the board to respond to ASX on disclosure matters.

Once ASX has received and analysed the information above, it is likely to make further enquiries of RGI.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **7.00 a.m. WST on Tuesday, 31 July 2018**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent by e-mail to shannon.nicholson@asx.com.au and james.rowe@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RGI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that RGI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RGI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter and may require RGI to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We will require the request for the trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you do not respond to this letter by the deadline set out above or if ASX does not consider your response to be satisfactory, ASX is likely to suspend trading in RGI's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Shannon Nicholson

Principal Adviser, Listings Compliance (Perth)