



ROTOGRO

29 January 2019

Quarterly Activities Report for the Period Ended December 31, 2018

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, 2018.

Quarter Highlights

- The Gibio project is progressing well with the Company installing the latest prototypes of its 8’ organic rotational hydroponic garden system at Gibio Inc. and engineering design forecast to be complete during Q1, 2019
- Freshero trials progressing at the Company’s facilities with results exceeding expectations
- Definitive agreement signed to acquire Supra THC, which holds a Dealer’s License from the Narcotic Control Regulations of the Controlled Drugs and Substances Act (Canada)
- Company completed the specification, constructions and installation of its state-of-the-art laboratory located at the RotoGro Facility
- Lawful cannabis trials exceed expectations, with each RotoGro System consistently yielding 7–9 lbs (3-4kg) of dry final cannabis flower product per sixty-day cycle

Operational Overview

During the quarter, Roto-Gro World Wide (Canada) Inc., a wholly owned subsidiary of Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”), delivered and installed the latest prototypes of its 8’ organic rotational hydroponic garden system (the “8’ RotoGro Organic Garden”) at Gibio Inc.’s research facility in St. Apollinaire, Quebec, Canada. The 8’ RotoGro Organic Garden has since been continually growing and harvesting leafy green varieties under varying operational parameters (including lighting, feeding and rotation speeds) to exert duress and operational pressure on the system. To date the 8’ RotoGro Organic Garden has performed well, highlighting areas of adjustment to the design and alternate material selections for durability. Engineering design, finite

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element analysis and interface management related to the removal and reinstallation of the growing drum, automated harvesting, washing of crops, and replanting are ongoing with completion forecast during Q1, 2019. The 8' RotoGro Organic Garden will go into commercial production in Q2, 2019.

Freshero Pty Ltd

Growing trials undertaken by Freshero Pty Ltd ("**Freshero**") in the grow rooms at the Company's dedicated Research and Development Facility located in Caledon, Ontario, Canada (the "**RotoGro Facility**") are progressing well. The initial trials for leafy greens produced crop yields and growing cycles which surpassed expectations. Trials of fruiting varieties also commenced post quarter end. RotoGro's botanist and Freshero's agronomist continue to collaborate, accumulating and processing data on crop inputs and yields for both leafy greens and fruiting varieties.

The growing trials currently being conducted at the RotoGro Facility will be expanded and replicated at a showroom and research facility that Freshero is currently sourcing in New South Wales, Australia. The facility will initially house 8 RotoGro Systems for concurrent testing with a view to Freshero establishing their first commercial operation at the same facility during the second half of 2019. The Company expects that the first order of RotoGro's rotational hydroponic garden systems (the "**RotoGro Systems**") for this facility will be made during the course of Q1, 2019, with delivery expected in Q2, 2019.

Global Fertigation Solutions Inc.

Sales leads at RotoGro's wholly-owned subsidiary, Global Fertigation Solutions, Inc. ("**GFS**"), are progressing well with a strong sales pipeline drawing from GFS's exhibit at the MJBiz Conference held in November 2018 in Las Vegas, Nevada, USA. The MJBiz Conference was attended by over 27,000 industry professionals and hosted more than 1,000 exhibitors. The Conference provided the Company and GFS with extraordinary opportunities for networking and new business generation which has resulted in a significant number of design and quote proposals, which should result substantial orders during 2019. The Company and GFS are also collaborating on cross-pollinating the sales pipeline for RotoGro's Systems which has resulted in the design and proposals of fertigation units for three of RotoGro's existing sales leads.

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Supra THC Services Inc.

During the quarter, the Company entered into a definitive share purchase agreement with Valens GroWorks Corp. to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc. (the “**Supra Agreement**”). Supra THC Services Inc. operates its business pursuant to a Dealer’s License issued by Health Canada under the Narcotic Control Regulations of the *Controlled Drugs and Substances Act* (Canada) (the “**Dealer’s License**”). The Company has engaged Cannabis Compliance Inc. (a preeminent Canadian cannabis compliance firm) to assist the Company with conversion and amendments to the Dealer’s Licence to permit additional cultivation methods and to construct and outfit a cultivation and processing facility comprising approximately 44,000 square feet (the “**Cultivation Facility**”). Submission was made to Health Canada in December to convert the existing Dealer’s License from the Narcotic Control Regulations of the *Controlled Drugs and Substances Act* (Canada) to the newly implemented Cannabis Act (Canada). The Company awaits confirmation of conversion to the Dealer’s License.

Completion of the acquisition is subject to approval by the Company’s shareholders, which is being sought at the forthcoming shareholder meeting.

Production and Sales Pipeline

The Company continues to develop and cultivate a strong sales pipeline with new and existing clients, providing design and fit-out solutions for lawful cannabis and perishable food cultivation facilities across North America, Europe and Australasia. The majority of the Company’s clients are aspiring lawful cannabis licensees. However, the Company has had significant progress with several clients requesting formal quotes for both RotoGro Systems and GFS fertigation proposals post quarter end. In addition to aspiring lawful cannabis licensees, the Company is working with two publicly-listed companies (one is a lawful cannabis licensee in Malta and the other, in Canada) and a privately-held lawful cannabis licenses in Michigan, USA.

Miracle Valley Medical Alternatives M.V.M.A. Ltd.

Post quarter the Company delivered for installation 24 RotoGro Systems to Miracle Valley Medical Alternatives M.V.M.A. Ltd. (“**Miracle Valley**”), which had previously been delayed to January 2019.

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The initial installation will operate using the individual reservoirs until the balance of the Miracle Valley facility is outfitted with RotoGro Systems, at which time a comprehensive Fertigation System will be installed.

Global Fertigation Solutions Inc.

Design proposals and sales leads at GFS are progressing well with a number of clients confirming readiness to proceed in Q1, 2019. To date, the majority of sales leads have been from existing clients and established license holders within the state of Nevada, USA. However, post quarter-end GFS has provided proposals for three RotoGro sales leads in Canada and others in California, USA and Michigan, USA.

Gibio Inc.

The Gibio Inc. (“Gibio”) project is progressing well with engineering design forecast to be complete during Q1, 2019. This will facilitate the completion of the architectural and engineering designs of Gibio’s first facility which shall consist of 420 RotoGro 8’ Organic Gardens (“Gibio Facility”). The Gibio Facility is forecast to commence construction in Q3, 2019 and will accommodate the harvesting of 30 RotoGro 8’ Organic Systems per day, growing organic leafy greens for the retail consumer market.

Design Services, Research & Development

During the quarter, the Company completed the specification, constructions and installation of its state-of-the-art laboratory located at the RotoGro Facility (the “RotoGro Laboratory”). In addition, orders were placed for analytical equipment involving the testing, scientific analysis and study of different plants and strains for both lawful cannabis and perishable foods at the RotoGro Laboratory. The delivery of analytical testing equipment, consumables and glass wear is scheduled for the first half of Q1, 2019.

The Research, Engineering and Design Teams at the RotoGro Facility continue to innovate and refine the design of the 8’ RotoGro Organic Garden for full-scale commercial operation. All prototyping is executed at the RotoGro Facility with each component undergoing rigorous testing and optimisation from concept and design to development and production.

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Growing Trials

Growing trials for both perishable foods (produce) and lawful cannabis continued during the quarter in the grow rooms at the RotoGro Facility. The trials focused on harnessing efficiencies of various light sources, nutrient compositions, height control of crops and planting density within the RotoGro System. The results of the lawful cannabis trials exceeded expectations, with each RotoGro System consistently yielding 7–9 lbs (3-4kg) of dry final cannabis flower product per sixty-day cycle. The perishable food cultivation trials provided equally surprising results regarding crop density, yield and cycle times.

A single RotoGro 4' Unit occupies a footprint of three-square meters (3m²) or thirty-two square feet (32 sq ft). The comparative yield of a traditional indoor 'flat deck system' occupying the same footprint of three-square meters (3m²) or thirty-two square feet (32 sq ft) is (on average) 2.8 lbs (1.3kg) per harvest. In addition to the greater yields achieved by a single RotoGro 4' Unit System in comparison to the same footprint occupied by a traditional flat deck system, when the RotoGro Systems are stacked two-high, the average yield is 14-18 lbs - when stacked three high the average yield is 21-27 lb. These yields are achieved within the same three square meter (3m²) or thirty-two square feet (32 sq ft) footprint for which traditional indoor 'flat deck systems' yield only 2.8 lbs (1.3kg) per harvest. This analysis does not take into account the shorter growing cycle and greater number of harvests per year offered by a RotoGro Unit which translates into even greater advantages over traditional 'flat deck' hydroponic growing.

The Company will harvest the next crop of lawful cannabis for its growing trials during February 2019 (based on current observations, excellent quality and substantive yields are expected).

Strategic Partnerships and Complimentary Acquisitions

RotoGro continues its focus on expanding into industry synergistic opportunities; exploring strategic partnerships and complimentary acquisitions in related markets which include, perishable food (produce) partnerships, lawful cannabis license ownership, growing management services, industry leading nutrients, emerging tissue culture (micropropagation) expertise and other supporting faculties of hydroponic growing.

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To date, the Company has successfully acquired the fertigation assets of Hanson Water Treatment, Inc. and partnered with Gibio (pursuant to an equity investment and the design of Gibio's first automated growing facility in Quebec, Canada). In addition, the Company is negotiating with Freshero for exclusive long-term equipment, operational management and maintenance contacts with an overriding royalty to RotoGro on revenue from the sales of perishable foods produced at each Freshero facility globally.

Supra THC Services Inc.

During the quarter, RotoGro entered into a definitive share purchase agreement with Valens GroWorks Corp. to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc.. This acquisition is essential to the establishment of RotoGro's first lawful cannabis growing facility. The Company has engaged Cannabis Compliance Inc. (a preeminent Canadian cannabis compliance firm) to assist the Company with conversion and amendments to the Dealer's Licence to permit processing and cultivation methods at a new 44,000 sqft lawful cannabis facility located in close proximity to the Company's existing research, development and manufacturing facility in Caledon, Ontario, Canada. During the quarter, the Company applied to Health Canada to convert the existing Dealer's License (issued pursuant to the *Narcotic Control Regulations of the Controlled Drugs and Substances Act* (Canada) to the recently enacted *Cannabis Act* (Canada).

The acquisition is subject to approval by the Company's shareholders, which will be sought at the forthcoming shareholder meeting.

Other acquisitions

The Company continues to evaluate nutrient businesses for acquisition to meet the demand for the Company's growing management service which arise after the order, delivery and installation of RotoGro Systems. The Company has determined that there is a valuable revenue stream in offering nutrients to support the Company's licensed iGrow™ software management system.

Annual General Meeting

To avoid multiple shareholder meetings in short succession and as previously announced, the Company had obtained approval from ASIC to hold its 2018 annual general meeting in January 2019.

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Due to changes in the vendors of Roto-Gro Inc, ASX is yet to approve the Company's notice of 2018 annual general meeting. The Company anticipates the meeting, which will approve the acquisition of Roto-Gro Inc and Supra THC and the issue of performance shares for the acquisition of Hanson's fertigation business, being held in late February 2019.

Managing Director, Michael Carli states, "We are very excited with our progress during this quarter. Our team continue to develop the sales pipeline and convert proposals and designs into near-term sales orders. The delivery and installation of Miracle Valley's first phase will establish our first third-party large-scale commercial operation. This will be a significant milestone in RotoGro's development as a world leader in hydroponic cultivation. In addition to technology sales and strategic partnerships with both lawful cannabis and perishable food cultivators, the acquisition of Supra THC Services Inc. positions our Company on a path to become a low-cost producer of lawful cannabis exploiting the competitive advantage offered by our RotoGro System. The Supra acquisition coupled with the Company's business collaborations in the perishable food (produce) space cements the Company's cultivation focus and provides diversification across two prominent and nascent agricultural sectors. Our management team is very proud of the execution to date: delivering the Company's strategy of sustained long-term revenues from low-cost cultivation across all agricultural sectors. Our team's dedication and determination behind the scenes provides a solid foundation to the delivery of sustained revenues and long-term value appreciation to our shareholders."

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For more information please contact

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About Roto-Gro International Limited

Roto-Gro International Limited (“RotoGro”) is an Australian-based company with global operations focused on the cultivation of lawful cannabis and perishable food (produce) which take advantage of its licensed, proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space. RotoGro holds worldwide exclusive licenses for lawful medicinal and recreational cannabis markets and has agreed, subject to shareholder approval, to acquire the technology for all other purposes including pharmaceuticals, nutraceuticals and perishable foods.

The Company is collaborating with Gibio Inc. and Freshero Pty Ltd. These ventures leverage RotoGro’s patented rotational hydroponic garden systems, crop management fertigation hardware and proprietary software systems to produce greater yields and lower operating costs. In addition, the Company has entered into a Share Purchase Agreement to acquire all the issued and outstanding shares in the capital stock of Supra THC Services Inc. which holds a Dealer’s License issued by Health Canada for lawful cannabis.

RotoGro’s wholly-owned subsidiary, Global Fertigation Solutions Inc. (“GFS”), provides a patent-pending specialized business line for water treatment and nutrient management in the viticulture, perishable foods and lawful cannabis space. GFS has successfully provided design solutions, installations and ongoing service contracts for more than twelve (12) licensed lawful cannabis facilities in the State of Nevada, USA and is embarking on expanding this offering globally.

The Company continues its focus on expanding into industry synergistic opportunities; exploring strategic partnerships and complimentary acquisitions in related markets which include, perishable food (produce) partnerships, lawful cannabis license ownership, growing management services, industry leading nutrients, emerging tissue culture (micropropagation) expertise and other supporting faculties of hydroponic growing.

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