

31 January 2019

Quarterly Activities Report December 2018

Highlights:

- **Key growth into the Australian Market**
 - Mildura, Victoria office well established (announced [30 July](#))
 - First order for CropLogic realTime received (announced [12 December](#))
 - Two local agronomy events attended by CropLogic representatives
 - Continued regional partnership and engagement
 - Targeting and continued servicing of key regionally lucrative crops
- **Preparation for 2019 growing season in Columbia Basin, USA (Washington and Oregon)**
 - Growth strategy in the Columbia Basin on track for 2019
 - Increase in adoption of CropLogic technology and agronomy skills
 - ProAg CropLogic team attended several agronomy events in Washington State
 - Washington-Oregon Potato Conference & Ag Expo 2019 attended by Pro Ag CropLogic representatives and CropLogic CEO
- **Preparation for 2019 growing season in Idaho, USA**
 - Twin Falls, Idaho office establish (announced [29 October](#))
 - Growth strategy to offer CropLogic technology for the first time in Idaho in 2019 on track
- **Research into industrial hemp market in Oregon, USA**
 - Appointment of Corporate Advisor and Lawyer to advise on industrial hemp market in Oregon (announced [26 November](#))
 - Report received from Corporate Advisor, Green Rush Advisory Group, LLC, (announced [21 January](#))
 - Continued investigation into virtual integration of Hemp operations in the Oregon market
- **Technology development and research partnerships**
 - Time domain reflectometry-based (TDR) soil moisture probe
 - Key milestones in development of TDR technology achieved during period
 - Stage 1 and Stage 2 have been completed. CropLogic currently reviewing findings and investigating progression to Stage 3 (final stage)
- **Corporate developments**
 - \$2.6 million raised through placement offer (announced [19 November](#))
 - Appointment of John Corbett as Non-Executive Director

CropLogic™ Limited (ASX:CLI) ("CropLogic" or "Company") is pleased to update shareholders on its activities for the three month period ending 31 December 2018.

CropLogic's December 2018 quarter has been a successful one with key achievements and milestones achieved, namely the first order received for CropLogic technology in the Mildura region. The Company also achieved key research milestones for this quarter with the two Advisors appointed to research Oregon's industrial hemp market, with a report and recommendations having been received. On the Corporate front, the Company has raised \$2.6 million via a placement offer. This will enable the Company to expand regionally and provide general working capital.

Operations

Australia

CropLogic announced on [12 December](#) that the Company had reached a strategic milestone with the Mildura, Victoria office receiving its first sale of CropLogic realTime technology. This first sale is a milestone for CropLogic as it demonstrates its commitment to provide dedicated, experienced and local advice to the Sunraysia farming community. This key achievement followed a positive response in the Sunraysia region since CropLogic opened its Mildura office in [July](#).

As part of CropLogic's continued strategic commitment to connect with the local Government and businesses and engage in regional partnerships, CropLogic Regional Sales Manager, Cedric Geffen, and Agronomist, Talitha Gollan, attended two events throughout this quarter. Mr Geffen presenting at the ANZ Sunraysia Agribusiness Seminar on 25 October and both Mr Geffen and Ms Gollan held a stand at the Wentworth Shire Council's Small Business Expo 2018 on 26 October. Participation in these events demonstrates CropLogic's active involvement in the local community.



Talitha Gollan and Cedric Geffen at Wentworth Shire Council's Small Business Expo 2018, 26 October

Columbia Basin, USA

Following a successful 2018 growing season in Washington State, CropLogic has continued to service existing customers and is on track to target key crops in 2019 as part of the Company's growth strategy for the region. Having experienced a 500% increased adoption of CropLogic technology in the 2018 season, growers in the Pacific North West region have continued to respond favorably to CropLogic's technology and agronomy services.

As part of CropLogic's strategy to connect with local growers of key crops in target regions, ProAg CropLogic's Roger McCary, Mike Stephenson, Sam Kniveton, Tom Muhlbeier and Garrett Sisk attended the Pacific Northwest Vegetable Association (PNVA) Conference and Trade Show in Kennewick, Washington, USA, in November.



Roger McCary, Sam Kniveton and Tom Muhlbeier at the PNVA Conference and Trade Show, 14-15 November

In January 2019, Western Territories Manager, Scott Barclay, presented at the Far West Agribusiness Association Winter Conference. CropLogic also participated in the Washington-Oregon Potato Conference & Ag Expo 2019 in January, with Company CEO, James Cooper-Jones attending and connecting with growers in the region who have given a positive response to the CropLogic technology.



Chris Friberg and James Cooper-Jones at the Washington-Oregon Potato Conference & Ag Expo 2019, 24 January

ASX Announcement

Idaho, USA

Continuing CropLogic's growth strategy of servicing the Pacific North West, the Company opened an office in Twin Falls, Idaho. This was done in collaboration with the College of Southern Idaho (CSI) and supported/facilitated by the City of Twin Falls and Southern Idaho Economic Development Organization (SIEDO) (announced [29 October](#)).

With the opening of the Twin Falls headquarters, CropLogic is on track to offer its technology to the region for the first time ahead of Idaho's 2019 growing season.

Oregon, USA

During this quarter the Company achieved strategic research targets with the appointment of two consultants, Corporate Advisor, Green Rush Advisory Group LLC ("Green Rush"), and Lawyer, Green Light Law Group, P.C. ("Green Light"), to advise the Company on the current state of, and opportunities within, the industrial hemp market in Oregon, USA (announced [26 November](#)). Industrial hemp is one of the key target crops CropLogic intends to investigate and potentially service in Oregon in 2019.

As CropLogic announced [21 January](#), the Company received a Report from Green Rush detailing current trends and demand for hemp and cannabidiol (CBD) products, licensing and growers, the addressable market, and the future potential of this market for CropLogic going forward.

The Report identified three potential ways forward for CropLogic, which include the Company starting a new hemp business, buying an existing hemp business or creating a stakeholder engagement campaign in order to develop prospective collaborations with hemp licencees. Green Light is currently reviewing these recommendations and CropLogic will wait for Green Light's Advisory Report before coming to a decision.

As part of the Company's growth strategy in the Pacific North West, CropLogic continued to investigate into further development and research collaboration opportunities in the Oregon market during this quarter.

Technology development and research partnerships

As announced in the [September 2018 Quarterly](#), Stage 1 and Stage 2 of the time domain reflectometry-based (TDR) soil moisture probe research have been completed. CropLogic are currently reviewing these findings and investigating progression to Stage 3 (final stage).

Corporate

Capital Raising

CropLogic announced on [19 November](#) that it had raised \$2.6 million through a placement of 173,333,333 fully paid ordinary shares at an issue price of \$0.015 per share.

The proceeds of the Placement will be used to expand regionally into Australia and the USA's Pacific North West, with the next CropLogic representative office thought to be set-up in Oregon, USA. Part of the funds will also be employed in the investigation of developing target crops including research into Oregon's hemp market as well as for general working capital.

Appointment

John Corbett was appointed as a Non-Executive Director on [2 November](#), providing the Company with the precise mix of financial and agribusiness skills and experience needed by CropLogic as it continues to seek growth opportunities in the local and international markets.



Science | Agronomy | Technology
New Zealand | Australia | USA

ASX Announcement

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About CropLogic™

CropLogic is an award-winning New Zealand agricultural technology company listed on the Australian Securities Exchange (ASX). After launching its product into Washington State, USA in 2017, CropLogic is currently servicing a significant portion of horticultural growers in this region, with a market share as high as 30% in some crops. Following significant growth (2017-2018) in Washington State and Northern Oregon, in 2018, CropLogic expanded into the Idaho market. CropLogic offers growers of irrigated crops with digital agricultural technology expertise based upon scientific research and delivered with cutting edge technology – science, agronomy and technology interwoven into an expert system for decision support. For more information please visit: <http://www.croplogic.com/>

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

CropLogic Limited

ABN

619 330 648

Quarter ended ("current quarter")

31 December 2018

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	362	1,888
1.2 Payments for		
(a) research and development	(66)	(254)
(b) product manufacturing and operating costs	(291)	(1,046)
(c) advertising and marketing	(76)	(137)
(d) leased assets		-
(e) staff costs	(122)	(259)
(f) administration and corporate costs	(357)	(1,079)
(g) Investor Relations	(34)	(124)
(h) Salaries - Operations	(663)	(1,361)
(i) Subscriptions	(5)	(7)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	(2)
1.7 Government grants and tax incentives	-	-
1.8 Cash receipts from other operating activities	28	62
1.9 Net cash from / (used in) operating activities	(1,225)	(2,373)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(43)	(338)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(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)
2.4 Dividends received (see note 3)	-	-
2.5 Other cash items from investing activities	(30)	(30)
2.6 Net cash from / (used in) investing activities	(73)	(370)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,600	2,600
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	(229)	(229)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(35)	(81)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other cash items from financing activities	(4)	9
3.10 Net cash from / (used in) financing activities	2,332	2,299

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	1,471	2,932
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,225)	(2,371)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(370)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,332	2,299
4.5	Effect of movement in exchange rates on cash held	-	16
4.6	Cash and cash equivalents at end of quarter	2,505	2,505

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	2,485	1,333
5.2	Call deposits	20	139
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)	2,505	1,471

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of cash flow 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

Current quarter
\$A'000

(96)

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Director fees paid

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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)	(107)	(107)
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.		

The Group holds financing facilities in the form of credit cards with the following lenders;
BNZ
Homestreet
Barclays
Security on these facilities consists of various director guarantees
The Group has also entered into asset finance agreements with Toyota Financial Services to finance the purchase of motor vehicles. These loans are secured against the vehicles purchased.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(271)
9.3 Advertising and marketing	(39)
9.4 Leased assets	-
9.5 Staff costs	(660)
9.6 Administration and corporate costs	(339)
9.7 Other (provide details if material)	(455)
9.8 Total estimated cash outflows	(1,764)

The Company is an operating business that generates cash inflows, including receipts from customers. The above summary of anticipated cash outflows does not fully reflect the anticipated net cashflows for the following quarter, as it excludes inflows (such as receipts from customers). The Company estimates net cash outflow for the next quarter (when considering such things as receipts from customers) to be A\$1,553,000.

Due to the seasonality of the Company's operations, the Company anticipate positive net cash inflows to commence in quarter 2.

9.7 Other (provide details if material) A\$455,311

This relates to a payment to satisfy a contract commitment which was entered into in 2017.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

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: 31 January 2019
(Company secretary)

Print name: Susan Hunter

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.