



March 20, 2019

Health Canada Approves Conversion of Dealer's Licence

- Health Canada approves conversion of Supra THC Dealer's Licence pursuant to new Canadian *Cannabis Act*
- RotoGro is progressing to relocate the Supra THC operations to the proposed 44,000 square foot facility in Caledon, Ontario, Canada
- On-going engagement by Cannabis Compliance Inc. with Health Canada to relocate operations and to establish Standard Cultivation
- Conversion of the Dealer's Licence is the first step in transferring the Cannabis licence to RotoGro and positions the company to capitalise on the enormous growth and profits associated with the Canadian cannabis industry

Roto-Gro International Limited ("**ASX:RGI**", "**RotoGro**" or the "**Company**") is pleased to announce the approval by Health Canada of the conversion of the Dealer's License held by Supra THC Services Inc. ("**Supra**" or "**Supra THC**") from the *Narcotic Control Regulations* of the *Controlled Drugs and Substances Act* (Canada) to the recently enacted *Cannabis Act* (Canada) and *Cannabis Regulations* (Canada). Conversion of the Dealer's License is the part of the definitive share purchase agreement ("**SPA**" or "**Share Purchase Agreement**") between RotoGro and Valens GroWorks Corp. ("**CSE:VGW**" or "**Valens**") to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc. ("**Supra**" or "**Supra THC**") (see ASX announcement dated October 29th, 2018, which remains subject to the Company obtaining all requisite corporate and regulatory approvals.

Next Steps:

With the conversion to the *Cannabis Act* and the *Cannabis Regulations* complete, the Company will continue working with CCI and Health Canada to progress the change of address and change of ownership required to complete closing with Valens. In parallel, the Company will ensure the key resources for the cultivation facility are security cleared with Health Canada and the regulatory authorities as well as lodge the necessary security plans, floor plans and standard

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operating procedures to fulfil the requirements for Standard Cultivation at the Cultivation Facility. Although the Company cannot confirm the timeline for certain steps with Health Canada and the regulators, it is anticipated these steps will be complete during Q2 & Q3 of 2019 to allow for buildout of the facility during Q4, 2019, with first crops to be harvested during Q1, 2020.

About Supra THC

Supra THC is a wholly-owned subsidiary of Valens (a Canadian publicly-listed company located in Kelowna, British Columbia, Canada (<https://www.valensgroworks.com/>) which specializes in the processing of cannabis into pure extracts and oils.

To date, Supra THC has operated its business pursuant to a Dealer's License issued by Health Canada in accordance with the *Narcotic Control Regulations* of the *Controlled Drugs and Substances Act* (Canada). Supra THC's Dealer's License permits the possession of cannabis and related active ingredients, in addition to the production of extracts for the purpose of analysis. The Company engaged Cannabis Compliance Inc ("**CCI**") (<https://www.cannabiscomplianceinc.com>) to coordinate the license conversion to the *Cannabis Act* (Canada), which is now complete.

With the completion of this conversion, the Company will continue to work with CCI and Health Canada to relocate Supra THC's operations from the province of British Columbia to the province of Ontario, and to amend the Dealer's Licence to permit additional cultivation methods at the proposed 44,000 square foot cultivation facility located in Caledon, Ontario, Canada ("**Cultivation Facility**").

Authorised Activities Under the new *Cannabis Act* and *Cannabis Regulations*

Dealer's Licenses were previously issued by Health Canada pursuant to Section 9.2 of the *Narcotic Control Regulations* of the *Controlled Drugs and Substances Act* (Canada). The *Cannabis Act* (Canada) and the corresponding *Cannabis Regulations* which were enacted on October 17, 2018, legalise the recreational use of cannabis nationwide in Canada. This new legislation also controls and regulates the production, distribution and sale of lawful cannabis in Canada. Amendments

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to the *Narcotic Control Regulations* will remove references to cannabis and convert existing Dealer's Licenses to an equivalent license pursuant to the *Cannabis Regulations*.

Pursuant to the *Cannabis Regulations* and its Dealer's License, Supra THC is permitted to conduct Analytical Testing, Research, Production, Sale and Distribution of lawful cannabis. In addition to these permitted uses, the Company will apply for an amendment to this license to permit Standard Cultivation.

Pursuant to the *Cannabis Act* (Canada) and the *Cannabis Regulations*, once the Company is provided Standard Cultivation approval from Health Canada, the license will provide for cultivation, propagation and harvesting of cannabis plants, the sale of harvested material to other licence holders. In addition, Licensed cultivators are authorized to package and label cannabis plants and seeds for sale to authorized sellers or distributors.

Managing Director of RotoGro, Michael Carli states, "The acquisition of Supra THC is an impressive step forward in the Company's strategic growth plan to establish itself as a global leader in the cultivation of lawful cannabis and perishable foods. Health Canada's approval of the conversion of the Supra THC Dealer's License from the *Controlled Substances Act* to the *Cannabis Act* confirms our reputable standing with the governing bodies and legislative authorities. With the completion of this conversion, we look forward to continuing our working relationship with Valens and CCI to execute on relocating operations to the proposed facility in Caledon, Ontario and amending the license to include standard cultivation activities."

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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 acquired the technology for all other purposes including pharmaceuticals, nutraceuticals and perishable foods.

The Company has collaborated 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 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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