



ROTOGRO

30 April 2019

## Quarterly Activities Report for the Period Ended March 31, 2019

Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”) is pleased to provide its quarterly activities report for the period ended March 31, 2019.

### Quarter Highlights

- The Company is actively completing its application for a dual listing on the Canadian Securities Exchange
- The Company delivered and installed twenty-four (24) RotoGro Systems to Miracle Valley comprising part of its \$2.3M purchase order
- Post quarter end the Company secured a AUD\$600,000.00 order with Frozen Penguin
- Global Fertigation Solutions continues to perform admirably, securing more than AUD\$500,000.00 of new sales during the quarter
- The Company completed its state-of-the-art laboratory located at the Company’s Research and Development Facility in Caledon, Ontario, Canada
- RotoGro’s engineering team are currently working on a general arrangement design for the pilot facility of Freshero located in New South Wales, Australia

### Operational Overview

The Company has positioned itself as an emerging cultivator of:

- high value crops in the lawful cannabis space (subject to licensing approval), through the acquisition of Supra THC Service Inc.; and
- perishable foods, by way of two partnerships in the retail food space.

RotoGro’s patented, patent-pending and proprietary Rotational Hydroponic Garden System (the “RotoGro System”) provides cultivators a competitive advantage, delivering higher yields at lower operating costs. Cultivation remains the primary business sector target for the Company, however

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#### Directors

Michael Carli (Managing Director)  
Michael Slater (Executive Director)  
David Palumbo (Non-Executive Director)  
Nathan Lude (Non-Executive Director)

#### Company Secretary

David Palumbo





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as the Company's business evolves, the Company will continue to pursue revenue from the sale of technology to third-party growers, perishable food joint ventures and agricultural services.

Focussing on the cultivation of lawful cannabis in Canada, the Company is actively completing its application for a dual listing on the Canadian Securities Exchange to complement its existing listings on the ASX and the Frankfurt Stock Exchange.

During the quarter, the Company completed the acquisition of Roto-Gro Inc and its controlled entities: Roto-Gro IP Inc (which holds all intellectual property including patents & patents pending in the stackable rotary hydroponic garden space, and proprietary iGrow® growing management software) and Roto-Gro Technologies Inc (which owns the stock, plant & equipment to manufacture the Roto-Gro systems).

Post quarter end the Company received firm commitments from institutional and sophisticated investors for an oversubscribed \$3.6M capital raise.

## Production and Sales Pipeline

The Company continues to work with prospective and existing clients, providing design and fit-out solutions for lawful cannabis and perishable food growing facilities. These services are delivered across North America, Europe and Australasia, where the Company works with listed and unlisted lawful cannabis license aspirants. The Company provides consulting services to existing and aspiring licensees in connection with their facility designs and their lawful cannabis license applications.

During the quarter, the Company delivered and installed twenty-four (24) RotoGro Systems to Miracle Valley Medical Alternatives M.V.M.A. Ltd. ("**Miracle Valley**") for its first grow room, comprising part of its \$2.3M purchase order (please refer to the Company's announcement dated 4 April 2018). In addition, following the quarter end the Company secured a AUD\$600,000.00 order with Frozen Penguin Medical Industries Inc. ("**Frozen Penguin**") as announced on 8 April 2019.

RotoGro's wholly-owned subsidiary, Global Fertigation Solutions ("**GFS**"), continues to perform admirably, securing more than AUD\$500,000.00 of new sales during the quarter from both internal

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and external sales leads. The GFS and RotoGro sales teams are collaborating on sales leads, successfully securing technology and fertigation sales with Frozen Penguin.

The Company's sales pipeline across both technology and agricultural services is on the rise and leads remain strong, with prospective customers at varying stages of development.

## Research & Development

During the quarter, the Company completed its state-of-the-art laboratory located at the Company's Research and Development Facility in Caledon, Ontario, Canada. Year to date, the research team has focused its efforts on the effects of cannabis plant density in the RotoGro Systems. Initial results have indicated that higher plant densities significantly affect plant stretching. To combat this, the team have looked at different rooting techniques as well as topping the plants (i.e., cutting off top growth) and low stress training (bending of the plants). The intended outcome of this research is to further increase crop yields through effective canopy management.

The perishable food trials are continuing with further studies of leafy greens. The efforts have focused on financial analysis of water and nutrient consumption, as well as the operational costs of varying environmental controls. In addition, RotoGro's botanists have studied various light sources and intensities. The Company will also commence trials at the beginning of CY Q2, 2019 of a new tray design developed by the Company's engineering team for the cultivation of strawberries.

## Engineering Design & Innovation

RotoGro's Design and Innovation team continue their efforts towards the production-ready, second generation 8-foot Organic Rotational Garden (the "**RotoGro 8ft System**"). The RotoGro 8ft System has passed finite element and stress analysis for the agreed design life of the unit and includes modelling of the wheel drum, drive shaft, motor, gearing, and lids and trays. The RotoGro procurement team have started the mechanical and electrical supply chain analysis.

RotoGro's engineering team are currently working on a general arrangement design for the pilot facility of Freshero Pty Ltd ("**Freshero**") located in New South Wales, Australia, while RotoGro's iGrow

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software programmers collaborated on a software and hardware amalgamation across the RotoGro System and Fertigation segments of the business.

### **Cultivation and Strategic Partnerships**

As first announced on 29 October 2018, the Company has entered into a definitive share purchase agreement with Valens GroWorks Corp. (CSE:VGW) ("**Valens**") to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc. ("**Supra**"). As announced on 20 March 2019, Health Canada approved the conversion of Supra's Dealer's License from Canada's *Controlled Drugs and Substances Act* to the recently enacted *Cannabis Act*.

Completion of the acquisition of Supra remains subject to the Company obtaining all requisite corporate and regulatory approvals. However, this conversion is a significant milestone for the Company towards the completion of the acquisition from Valens, as it allows the Company to proceed with the license address transfer from the current location in British Columbia to the proposed cultivation facility in Ontario. The RotoGro team, with the assistance of Cannabis Compliance Inc., continues to work diligently with Health Canada and the Town of Caledon (Ontario) for the addition of cultivation and processing capabilities at the proposed cultivation facility.

Managing Director, Michael Carli states, "We are extremely pleased with the Company's progress this quarter. The strong start to the year by Global Fertigation Solutions securing three key orders with a good pipeline of new enquiries is very encouraging, with sales generated in support of our RotoGro technology and traditional indoor growing methods. The sale of our RotoGro Systems to Frozen Penguin for the first phase of its facility, in conjunction with its GFS fertigation system order, further solidifies RotoGro's unique position as a turnkey service provider to the agricultural sector. Our engineering design and research teams continue to impress with innovative engineering solutions and research initiatives to ensure our customers' success, leading to further shareholder value and appreciation."

--ENDS--

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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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