



ROTOGRO

ASX Release: 24 June 2019

RotoGro Operational Update

Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”) is pleased to provide the following operational update.

Corporate Overview

The Company has positioned its focus to the cultivation of:

- lawful cannabis, through the acquisition of Supra THC Service Inc. (subject to licensing approval), and by pursuing joint ventures with companies holding cultivation licenses for lawful cannabis; and
- perishable foods, by way of two collaborative ventures in the retail food space.

Our patented and proprietary RotoGro Hydroponic Garden Systems deliver proven yield advantages, reduced operational costs and enhanced product consistency (as announced on 12 November 2018). Establishing our first cultivation facility for lawful cannabis to take full advantage of these comparative advantages is a focal point for the Company. At the same time, the Company continues to pursue revenue from the sale of its technology to third-party growers, our perishable food joint ventures, and from our agricultural service offerings.

With a focus on the cultivation of lawful cannabis in Canada and other lawful jurisdictions, the Company is actively pursuing a dual listing on the Canadian Securities Exchange (the “CSE”). In this regard, the Company has retained Wildeboer Dellelce LLP, a prominent Canadian law firm recognized as a leader in the cannabis space, to lead the dual listing to compliment the Company's current listings on the ASX and the Frankfurt Stock Exchange.

The CSE listing is planned as a non-offering compliance listing, will provide exposure to the largest capital market for cannabis-focused companies globally and facilitate valuation comparisons amongst the Company's Canadian-listed peers.

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

Company Secretary

David Palumbo





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The Company is in the process of formalising Board and Management changes to position the Company to execute on the current strategic objectives and planned growth. The Management changes are internal promotions which solidify the executive team and provide autonomy to execute on the Board-approved strategy.

Production and Sales Pipeline

The Company continues to work with new and existing clients, providing design and fit-out solutions for their lawful cannabis and perishable food growing facilities. These services are being delivered across North America, Europe and Australasia, where the Company works with listed and unlisted lawful cannabis licensees and license applicants. The Company's services are being offered in connection with the facility designs of both licensees and license applicants, and their license applications or within the parameters of their approved licenses. The Company's sales pipeline continues to grow, and customer leads remain strong, with prospective customers at varying stages of development. The Company will announce any material agreements in accordance with its continuous disclosure obligations.

The Company is currently working on two design and technology proposals with an ongoing growing management contract and incentivised profit share in Canada and the United States respectively. In addition, the Company has recently begun working with Siksika Herbz GP Inc. ("**Siksika**") located in the province of Alberta, Canada, which is in partnership with Frozen Penguin Medical Industries Inc. ("**Frozen Penguin**"). The first phase of the design of Siksika's facility provides for 150 RotoGro Hydroponic Garden Systems. RotoGro's Design and Sales Teams are currently designing Siksika's floor plans in accordance with Health Canada standards and applicable building codes. Although the above leads are highly prospective, it is not guaranteed these proposals will convert into sales orders and growing management contracts.

Manufacturing of our RotoGro Hydroponic Garden Systems in fulfilment of the \$600,000 purchase order from Frozen Penguin (as announced on 8 April 2019) is nearing completion with delivery scheduled for early Q3 CY2019. In addition, the Company has installed and commissioned a second grow room of twenty-four (24) units for Miracle Valley Medical

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Alternatives M.V.M.A. Ltd. in connection with its \$2.3M purchase order (as announced on 4 April 2018).

RotoGro's wholly owned subsidiary Global Fertigation Solutions Inc. ("GFS") is progressing well with delivery and installation of The Grove's Fertigation System (purchase order announced on 29 March 2019) and Polaris (purchase order announced on 26 February 2019) to be undertaken in the next four weeks. The sales pipeline for GFS remains strong and although highly prospective, the Company will update the market on these as they progress and if they eventuate into purchase orders.

Research & Development

Our Research Team has made significant progress studying a variety of new strains for yield and quality optimization cultivated with our RotoGro Hydroponic Garden Systems. Data resulting from recent trials indicate consistent yields of 7 to 9 pounds per rotational garden system every 60 days together with consistent levels of THC and CBD. This data will be utilized in conjunction with RotoGro's growing management services in its proposed joint ventures.

Our perishable foods trials are ongoing with leafy greens providing consistent and above expectation yields and product quality. Our team continues to focus on cost analysis related to water and nutrient consumption, in addition to the operational costs associated with varying environmental controls of lighting, humidity and temperature. Our team has recently commenced trials for strawberries with early results showing good product quality. These trials are continuous and are being conducted in collaboration with Freshero Pty Ltd. Recent discussions with Freshero have centred around the fully automated solution for their proposed Australian facilities. The Company is currently working on an integration schedule with Freshero and will provide a further update in the quarterly activity report.

Engineering Design & Innovation

Our Design and Innovation team continue their engineering efforts towards a production-ready rotational garden system for perishable foods. These efforts draw on the Company's existing

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Patented and Patent-Pending design of its Model 420 (commonly known as the 4-foot RotoGro Hydroponic Garden System) whilst integrating industry standard agriculture trays, seamlessly interfacing with established equipment for washing, harvesting and packing of the final product for retail sale.

Our innovative design accommodates a range of grow mediums which allows our partners and customers to vary their growing mediums, nutrients and water requirements depending on the desired cultivated product. Our design will undergo further finite element and stress analyses to facilitate a wide range of loading and operational conditions. The Company is working with engineering consultants to complete this scope and will update the market accordingly as this progress.

In addition to the engineering of the design initiatives for perishable foods (including the automated harvest, washing, packing, planting, and reloading) our Design and Innovation team have recently installed the Company's first LED prototype into trials as captured in Appendix A. The LED prototype is expected to reduce electricity draw, which is a major component of operational costs.

Our team is also diligently working on integrating the Company's fertigation solution for a myriad of multiple pod arrays and heights. These efforts will contribute to a modular solution which may be shop-manufactured, minimizing onsite installation labour costs.

Cultivation

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 the *Controlled Drugs and Substances Act* to the newly legislated *Cannabis Act*.

Completion of the acquisition of Supra remains subject to the Company obtaining all requisite corporate and regulatory approvals. Our team continues to work with Cannabis Compliance Inc.,

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Health Canada and Valens with regards to the outstanding items and will have a further update in the upcoming quarterly activity report.

Gibio have lodged applications for government research and development grants in support of the first phase buildout and growing trials are continuing across a range of leafy greens. The Company has entered discussions around formalising the joint venture agreement.

Appendix A on following page

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Appendix A:



Figure 1: New Trays ready for Loading into Rotational Gardens



Figure 2: Harvested Cannabis Product from Growing Trials

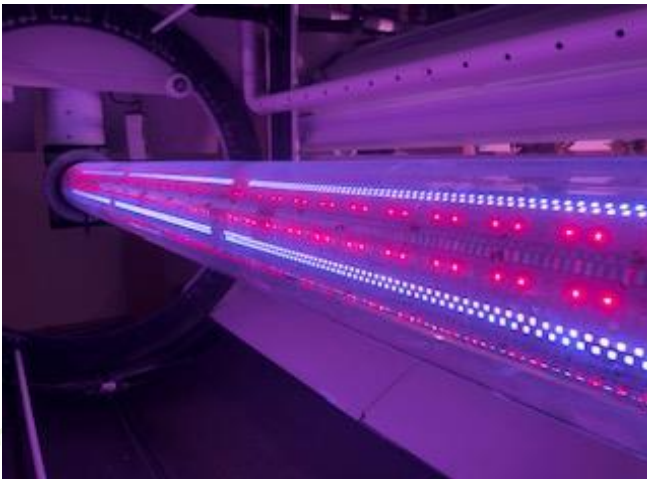


Figure 3: Installation of new LED for Growing Trials



Figure 4: Leafy Green Trials

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About Roto-Gro International Limited

Roto-Gro International Limited is an Australian-based company with global operations focused on the cultivation of lawful cannabis and perishable food (produce) which take advantage of its proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space.

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 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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