



ROTOGRO

ASX Release

31 October 2019

Quarterly Activities Report for the Period Ended September 30, 2019

Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”) is pleased to provide its quarterly activities report for the period ended September 30, 2019.

Quarter Highlights

- Successful commissioning of Oakum Cannabis Corporation’s vertically integrated RotoGro facility
- Several highly prospective technology sale and purchase agreements currently under review with customers across lawful cannabis and perishable foods
- MoU executed with Rotary Garden Systems SDN BHD to enter into formal negotiations for a Technology, Royalty and Growing Management Agreement
- Preparation of formal joint venture with Freshero Pty Ltd post quarter end
- Prototype for automated seamless integration of seeding, planting, harvesting, loading / unloading and packing of the final product for produce completed
- Significant growing trial progress utilising the Company’s new state-of-the-art custom LED (Light Emitting Diode) lighting solution
- Collaboration with Guelph University for research pertaining to nutrient and lighting optimisation in addition to strain selection and manipulation
- Continued design and application support for facilities and joint venture partnerships in Malta, Malaysia and Portugal
- Post quarter-end, Computershare engaged to take over the share registry duties from Link Market Services in support of the proposed listing on the CSE

Registered and Business Office

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Directors

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Michael Slater (Non-Executive Director)
Jamie Myers (Non-Executive Director)
Terry Gardiner (Non-Executive Director)

Chief Financial Officer

Melanie Leydin

Company Secretary

Melanie Leydin





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Operational Overview

The Company continues developing its focus on the cultivation of:

- lawful cannabis through the acquisition of Supra THC Service Inc. (subject to closing conditions) and by pursuing joint ventures with companies holding cultivation licenses for lawful cannabis, capitalising on our patented and proprietary competitive advantage; and
- perishable foods, by way of collaborative ventures in the retail food space.

RotoGro's patented, patent-pending and proprietary Rotational Hydroponic Garden System (the "RotoGro System") delivers 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.

The Company's business operations are supported by the award of two patents in the United States of America (as announced on 25 July 2019) and post quarter end the award of our Canadian Patent (as announced on 28 November 2019). In addition, the Company continues to work diligently towards the issuance of parallel patents in both Europe and Australia (requesting an expedited examination from the European Patent Office for its European patent application and recent correspondence lends credence that the Australian patent will be granted in CY Q1 2020).

With the Company's 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 specialised in public company law and recognized as a leader in Canada's cannabis space, to lead the dual listing to compliment the Company's current listings on the ASX and the Frankfurt Stock Exchange.

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The CSE listing, 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. The focus on this listing has been delayed due to the pending cannabis cultivation license acquisition which need closing before the Ontario Securities Commission will allow lodgement of the prospectus. The Company will provide further details on the timing and status of the CSE listing as they are available.

During the quarter, the Company undertook 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.

Post quarter-end, the Company engaged Computershare to take over the share registry duties from Link Market Services in support of the Companies proposed listing on the CSE.

Production and Sales Pipeline

The Company continues to work with prospective and existing customers, demonstrating our patented and propriety competitive advantages and our unique market positioning in support of providing design and fit-out solutions for lawful cannabis and perishable food cultivation facilities. These services are delivered across North America, Europe and Australasia, where the Company is in discussions with listed and unlisted lawful cannabis license aspirants.

During the quarter, the Company delivered and installed a AUD \$600,000 purchase order from Oakum Cannabis Corporation ("**Oakum**") (as announced on 27 August 2019). The order was to facilitate the first phase (2,000 sq. ft.) of Oakum's proposed large scale cultivation and processing facility. Post quarter-end, Oakum received its Health Canada-approved Cultivation Licence and will proceed with planting first crops during November. Oakum expects to build out the rest of the facility in [H1 2020].

The Company has also provided Siksika Herbz GP Inc. ("**Siksika**") (located in the province of Alberta, Canada) which is in partnership with Oakum, the design of the first phase of its facility and a draft technology purchase agreement for further discussion. Siksika's proposed facility is 25,000 sq ft with

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phase one to comprise 90 RotoGro Rotational Gardens Systems and phase two to compliment and complete the installation with a further 60 Rotational Gardens Systems.

In addition, the Company has several proposed technology sale and purchase agreements currently under review with customers and we are hopeful of converting these proposed transactions into sales.

The Company also continues its design and application support for facilities and joint venture partnerships in Malta, Malaysia and Portugal. Although these leads are highly prospective, it is not guaranteed these proposals will convert into sales orders and growing management contracts.

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

Research & Development

During the quarter, RotoGro's Research Team has made significant progress studying the Company's new state-of-the-art custom LED (Light Emitting Diode) lighting solution which is "plug and play" to the existing RotoGro System design. The results are demonstrating notably superior yields and product quality, with the LED lighting solution utilising the full array of light spectrums which are altered through the plants' lifecycles. Our Plant Scientists will focus their efforts on further refinements and the development of the LED lighting protocols over the next six months.

The perishable food growing research for Freshero Pty Ltd ("**Freshero**") is progressing well. With favourable economics already established for leafy green varieties utilising High Pressure Sodium (HPS) lighting systems, our leafy green trials have switched most recently to the exclusive use of the new LED lighting solution which provides significant cost savings by way of reduced power consumption. The current strawberry trials conducted by RotoGro's Research Team continue to utilise the Company's High-Pressure Sodium (HPS) lighting system. These trials will carry on with our HPS lighting system as the first crops which have been harvested over the past five months continue to yield more than 80% of peak production. Once the research on HPS yeild and atrophy over time is complete the strawberry trials will switch over to the Company's LED lighting solution.

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During the quarter, RotoGro's Research Team collaborated with Guelph University (Canada's top institution for agricultural sciences) pursuant to an application for an Alliance Grant from the National Sciences and Engineering Research Council for university-based research pertaining to nutrient and lighting optimisation in addition to strain selection and manipulation to optimise various plant varieties being cultivated in RotoGro Systems. The Company will keep the market updated once the research plan is approved by Guelph University and the National Sciences and Engineering Research Council.

Engineering Design & Innovation

During the quarter, the Company completed the prototype for the fully automated engineering solution of Freshero's proposed state-of-the-art flagship facility located in New South Wales, Australia. This engineering solution provides seamless integration of established industry-standard equipment for seeding, planting, harvesting and packing of the final product for retail sale with the Company's existing patented and proprietary designs. Freshero are very pleased with the automation, given the level of increased efficiencies for their proposed facility. The Company will keep the market updated with a timeline to breaking ground once a formal agreement is in place.

During the quarter, the Company successfully commissioned Oakum's first phase of development which encompasses the vertical integration of RotoGro's patented and proprietary RotoGro Systems, Fertigation Solution and proprietary iGrow software operating in a third party commercial setting. The entire facility has been designed, developed, delivered and commissioned as a turnkey RotoGro project.

Cultivation and Strategic Partnerships

During the quarter, the Company announced that it has executed a Memorandum of Understanding with Rotary Garden Systems SDN BHD to enter into formal negotiations for a Technology, Royalty and Growing Management Agreement (the "**Agreement**") for state-of-the-art lawful cannabis cultivation facilities located in Malaysia and Thailand. Dialogue is ongoing pertaining to the proposed terms of the Agreement.

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Post quarter-end, the Company and Freshero have commenced negotiations for terms of the proposed equipment purchase and royalty agreement for Freshero's proposed initial state-of-the-art flagship facility located in New South Wales, Australia.

The Company is also in discussions for further cultivation partnerships in Canada, Portugal and Malta. These discussions are at early stages with high level terms, commitments and responsibilities of parties being broadly discussed and outlined. Although highly prospective, there is no guarantee these discussions will lead to joint venture partnerships.

Chief Executive Officer, Adam Clode states, "We are extremely pleased with the Company's progress during this quarter. The Company's pivot, shifting from capital intensive projects to collaborative projects planned to generate sustained revenue from cultivation utilising our patented and propriety technologies. The reward for our efforts is within reach as opportunities in Canada, Malaysia and Australia move to draft terms. Our pipeline for technology sales remains strong with several proposed equipment purchase agreements under discussion and review. Our Research and Development, and our Design Innovation teams continue to impress with each achievement which will translate into the Company's bottom line, driving shareholder value."

--ENDS--

For more information please contact

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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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