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Company Announcements Office
Australia Securities Exchange

ROTOGRO

RotoGro secures Convertible Note Investment of \$1.25 million by Obsidian

Highlights

- Convertible Securities Agreements signed with Obsidian Global GP, LLC.
- Obsidian has committed to invest up to AU\$1.25 million in exchange for Convertible Notes of RGI.
- The investment will be made in two tranches, the second being subject to shareholder approval.

Roto-Gro International Limited (ACN 606 066 059) (**Company** or **RGI**) is pleased to announce the execution of two Convertible Securities Agreements (**Agreement**) with Obsidian Global GP, LLC (**Obsidian**) for the investment by Obsidian of a total of up to AU\$1.25 million in the Company in two tranches in exchange for convertible notes issued by the Company (**Notes**), convertible into RGI fully paid ordinary shares (**Shares**). The funds raised will be used for the Company's general corporate and working capital purposes required at the time.

The key terms of the fundraising are as follows (all figures in AUD):

Investment Amount	Tranche 1: AU\$250,000. Tranche 2: AU\$1,000,000.
Securities to be issued	For each Tranche: That number of convertible notes which is equal to the actual amount paid in US\$ by Obsidian, so as to procure the transfer of the Investment Amount to RGI, divided by US\$1.00, provided that if the resultant number contains a fraction, the number must be rounded upwards to the next whole number. (Together, the Notes). Each Note has a face value of US\$1.20 subject to amendment in accordance with the default provisions of the Agreement (see " Events of Default " section below).
Commitment Fee	RGI to pay Obsidian a commitment fee of AU\$62,500 (cumulatively across Tranches 1 and 2), payable in fully paid ordinary shares (Shares) calculated on the basis of the lowest VWAP of Shares in the 5 actual trading days prior to the date of funding. The commitment fee is apportioned with respect to Tranches 1 and 2 as follows: (a) Tranche 1: \$12,500; (b) Tranche 2: \$50,000.



Maturity Date	18 months from the date of issue.
Interest	None.
Fixed Conversion Price	The Notes will each have a fixed conversion price equal to the greater of: (a) \$0.075; and (b) 1.5 times the VWAP of Shares in the 5 days prior to the date of funding (Conversion Price) .
Conversion Rights	Notes may be converted at any time up until the Maturity Date.
Maximum Number of Shares	The maximum number of securities to be issued pursuant to the Tranche 1 Notes having regard to the Conversion Price, Collateral Shares and Commitment Shares is restricted to 14,000,000 securities. If there is an amount outstanding after conversions of the Tranche 1 Notes up to the agreed maximum number and Obsidian issues a further conversion notice, RGI could elect to satisfy the relevant liability by redemption of that amount in cash within 30 days, or through an issue of securities subject to receiving shareholder approval for such issue. The Shares able to be issued under the Agreement for the Tranche 2 Notes will not be subject to a maximum number, and the total Shares issued on conversion of the Tranche 2 Notes will be determined by the Conversion Price, subject to amendment of the Conversion Price in accordance with the anti-dilution provisions of the Agreement (see ' Anti-Dilution ' section below).
Repayment	RGI will have the option to repay Notes at any time in whole or in part in cash at a 5% premium. Obsidian can elect to convert Notes following the receipt of a Redemption Notice from RGI, prior to the redemption.
Security	RGI's obligations under the terms of the Agreement shall be secured by way of the issue of Shares to Obsidian equal to the lesser of: (a) 50% of the face value of the Notes to be issued divided by the Conversion Price; and (b) that number of Shares that would result in the Voting Power in the Company of Obsidian or any other person being 1 Share less than 5% at the time of issue, as collateral (Collateral Shares). Where at any time RGI is required to issue Shares to Obsidian pursuant to the Agreement, Obsidian may elect to partially or wholly satisfy RGI's obligation to issue the



	<p>relevant Shares to Obsidian by reducing the number of Collateral Shares held by the corresponding number of Shares.</p> <p>The Collateral Shares will not be freely tradeable and will only be tradeable by Obsidian in the following circumstances:</p> <ul style="list-style-type: none"> a) in order to satisfy an issue of conversion shares that the Company is obliged to make under the Agreement (i.e. in replacement of RGI issuing further new shares); or b) following an event of default with the net proceeds of sale of the Collateral Shares reducing the Amount Outstanding. <p>Any remaining Collateral Shares held after payment in full of the Amount Outstanding are then to be bought back by RGI for nominal consideration.</p>
<p>Monthly Amortisation Payments</p>	<p>Commencing 60 days after the date of issue of the Notes, RGI is to make monthly amortisation payments (Monthly Amortisation Amount), with the option to satisfy these payments in Shares or in cash. Where any part of the Monthly Amortisation Amounts are to be paid in Shares, the Shares are to be issued at an issue price equal to the lowest daily VWAP of RGI shares during the 10 previous trading days.</p> <p>In satisfying the Monthly Amortisation Amount payments in equity, RGI must not issue Shares:</p> <ul style="list-style-type: none"> (a) to Obsidian in a number more than 100% of the average trading volume in the 10 actual trading days prior; and (b) more than once every 10 trading days. <p>If Obsidian has not received the full Monthly Amortisation Amount each month, the remaining balance owed each month will be rolled over to the next month and any shortfall month to month will be accrued on a continuous basis until maturity, with Obsidian retaining the ability to convert these unpaid amounts up to maturity. Any Monthly Amortisation Amounts not paid up as at the maturity date shall be paid in cash at a 5% premium.</p> <p>Obsidian shall have the right to accelerate up to 6 months' Monthly Amortisation Amounts payable in Shares.</p> <p>The Monthly Amortisation Amounts which will be payable in respect of each tranche are:</p> <ul style="list-style-type: none"> (a) Tranche 1: \$18,750; (b) Tranche 2: \$75,000.



Restrictions on Obsidian	<p>For the term of the Agreement, on each day Obsidian will be prohibited from selling Shares equal to the greater of:</p> <ul style="list-style-type: none"> (a) 15% of the daily trading volume in RGI; and (b) AU\$15,000. <p>If RGI's daily VWAP drops below \$0.02 for any 3 consecutive trading days, or any default provision in the Agreement has been met, the above restrictions will be removed.</p>
Shareholder Approval	<p>The Tranche 1 Notes will be issued out of RGI's existing Listing Rule 7.1 capacity and shareholder approval will not be sought for their issue (though RGI may seek subsequent ratification of their issue in order to 'refresh' its 7.1 capacity).</p> <p>The Tranche 2 Notes will be issued subject to RGI obtaining shareholder approval for their issue within 4 months from the date of the Agreement, with RGI expected to call a general meeting of its shareholders as soon as practicable following the execution of the formal documentation for the Tranche 2 Notes. No funds will be received by RGI under Tranche 2 unless and until shareholder approval is obtained for the issue of the Tranche 2 Notes.</p>
Exchange Rate	<p>All Notes shall be held in USD based on prevailing exchange rates as at the date of funding.</p> <p>Conversion of the Notes will be subject to a limitation of 10% on depreciation of the AUD to USD exchange rate at the time of conversion as compared to the exchange rate as at the date of funding. Where the depreciation of the exchange rate is greater than 10% the amount not converted will be payable in cash at the time of issue of the Shares relating to that conversion.</p>
Anti-Dilution	<p>If RGI issues Shares below the Conversion Price or convertible securities (including options) convertible or exercisable at a price below the Conversion Price (subject to certain exceptions including Shares issued to Obsidian in accordance with the investment), the Conversion Price will be amended down to the lower price.</p>
Events of Default	<p>The Agreement provides that in the event of default by RGI, the face value of the Notes shall be increased by 7.5% and by an additional 1.5% on the occurrence of each subsequent event of default. Unremedied or irremediable events of default shall give Obsidian the right to call for payment of monies owing (subject to the face value uplift) and/or terminate the Agreement.</p> <p>The Agreement provides that a default will occur on the occurrence of certain events including:</p>



	<ul style="list-style-type: none"> (a) RGI fails to repay the amount outstanding in respect of the relevant Convertible Securities to Obsidian in cash on the maturity date or such other date required by the Agreement; (b) any Cleansing Statement or Prospectus is not issued in the manner and in the time period specified in the Agreement; (c) RGI breaches any of its representations and warranties under the Agreement; (d) any securities are not issued to Obsidian within the time period specified in this Agreement; (e) any of Obsidian's Shares are not quoted on ASX by the second business day immediately following the date of their issue; (f) a security interest over an asset valued in excess of \$100,000 of RGI or a related entity is enforced; (g) any present or future liabilities, including contingent liabilities, of RGI or a related entity for an amount or amounts totalling more than \$250,000 are not satisfied on time, or become prematurely payable; (h) RGI or a related entity grants any security interest over any of its assets that secures an amount in excess of the \$100,000, or a security interest comes into existence over any such assets that secures an amount in excess of the \$100,000, without Obsidian's prior written consent; (i) a Change of Control occurs without Obsidian's prior written consent. <p>The Agreement is also subject to other events of default customary for a commercial agreement of this type.</p>
Transferability	<p>With the prior written consent of RGI (not to be unreasonably withheld), Obsidian may assign the Agreement and/or any of its rights and/or obligations under this Agreement to any person, where such person has entered into a deed of covenant in favour of RGI agreeing to be bound by the terms of this Agreement to the extent of the assignment. Obsidian may only assign a Note if the assignee executes a deed of covenant in favour of RGI agreeing to be bound by the terms of the Agreement to the extent of the assignment.</p>
ASX Listing	<p>The Company will, on the conversion date, apply for official quotation by ASX of the Shares issued on conversion of Notes.</p>

About Obsidian Global GP, LLC

Obsidian Global GP, LLC is a New York city-based alternative investment management firm focused on providing growth oriented capital to public and private companies globally.



They have over 40 years of combined experience investing into international public markets, with a long standing history of successfully structuring investments and helping to facilitate businesses reach their goals. Obsidian usually look to partner with undervalued lower middle market public issuers and only invest in structures that efficiently synergises with the capital requirements of the entity.

This announcement is authorised for release to the market by the Board of Directors of Roto-Gro International Limited.

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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 for perishable foods. 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 also entered into a Share Purchase Agreement to acquire 51% of the issued and outstanding shares in the capital stock of Medical Compassion Canni Farms Inc. which is a late stage Health Canada cannabis cultivation and processing license applicant.

RotoGro's wholly owned subsidiary, Global Fertigation Solutions Inc. ("GFS"), provides a patent-pending specialised 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.