

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD
ARBN 619 754 540
A COMPANY REGISTERED IN ISRAEL

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Option for every two (2) CDIs held by those CDI Holders registered at the Record Date at an issue price of \$0.04 per Option to raise up to approximately \$1,700,752.

Lead Manager:

EverBlu Capital Pty Ltd ACN 612 793 683 (AFSL 499601)

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Sharon Devir
CEO and Executive Chairman

Boaz Wachtel
*Co-Founder, R&D and Business
Development, Executive Director*

Ms Dafna Shalev-Flamm
Non-Executive Director

Adam Blumenthal
Non-Executive Director

Graeme Smith
Non-Executive Director

Company Secretary

Sarah Smith

Registered Office

c/- Mirador Corporate Pty Ltd
Suite 2, Level 1
1 Altona Street
West Perth WA 6005

Telephone: +61 8 6559 1792

Email: roots@rootssat.com
Website: www.rootssat.com

Australian Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Share Registry*

Automic Registry Services
Level 5
126 Philip Street
Sydney NSW 2000

Israeli Solicitors

Gross, Kleinhendler, Hodak, Halevy,
Greenberg, Shenhav & Co
One Azrieli Center
Round Building
Tel Aviv 6701101 Israel

Auditor*

BDO - Tel Aviv
Amot Bituach House Bldg.
B 48 Derech Menachem Begin Rd
Tel Aviv Israel

Lead Manager

EverBlu Capital Pty Ltd
Level 39, Aurora Place
88 Phillip Street
Sydney NSW 2000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Monday, 17 June 2019
Lodgement of Prospectus & Appendix 3B with ASX	Monday, 17 June 2019
Notice sent to Optionholders	Monday, 17 June 2019
Notice sent to CDI Holders	Wednesday, 19 June 2019
Ex date	Thursday, 20 June 2019
Record Date for determining Entitlements	Friday, 21 June 2019
Prospectus despatched to CDI Holders & Company announces despatch has been completed	Tuesday, 25 June 2019
Closing Date*	Friday, 19 July 2019
Securities quoted on a deferred settlement basis	Monday, 22 July 2019
ASX notified of under subscriptions	Tuesday, 23 July 2019
Issue Date and dispatch of holding statements	Thursday, 25 July 2019
Quotation of Options issued under the Offer*	Friday, 26 July 2019

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 17 June 2019 and was lodged with the ASIC on that date. The ASX, the ASIC and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

3.3 Regulation of Roots Sustainable Agricultural Technologies Ltd

As the Company is not established in Australia, its general corporate activities (apart from offering securities in Australia) are not regulated by the Corporations Act or by ASIC but are instead regulated by Israeli company law (including the Companies Law) and other applicable Israeli law and the Ministry of Justice – Corporations Authority of the State of Israel.

4. CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board of Roots Sustainable Agricultural Technologies Ltd, I am pleased to invite you to participate in a pro-rata non-renounceable entitlement issue of one (1) Option for every two (2) CDIs at an issue price of \$0.04 per Option to raise up to approximately \$1,700,752. The Offer closes at 5:00pm (WST) on Friday, 19 July 2019.

Since listing on ASX, the Company has initiated sales in three additional territories in addition to Israel – being China, USA and South Korea. In two other jurisdictions - Spain, and Australia - the Company installed "first deployments" of its root zone cooling and heating systems. Orders for heating and cooling systems in 2018 (the first year in which these sales were made) total an amount equivalent to A\$471,000 and total orders from 1 January 2019 until the date of this Prospectus total an amount equivalent to A\$528,000.

The heating and cooling results of the Company's systems during last year resulted in:

- (a) increased yield of 66% - 150% in leafy vegetables;
- (b) 20% yield increase and protection against heat stress in nutrient film technique farms;
- (c) income increase for flower growing farmers due to harvest prolongation; and
- (d) increases in cannabis yields, both in cooling (by 40%) and heating by 40% to 272% (in an open space).

A 66% yield increase in basil (a summer crop) due to heating with the Company's systems during the winter by an Israeli organic farm resulted in a decision by the Israeli Ministry of Agriculture to subsidise up to 30% of the cost of a Roots system purchase by basil farmers in Israel.

The funds raised from the Offer will be used:

- (a) to expand the Company's cannabis growers marketing and sales activity in North America;
- (b) to broaden the Company's sales in China and South Korea;
- (c) towards development of the Company's Spanish and Australian markets;
- (d) towards upgrading system components including smart pipes, coils, communications and agronomic field test and monitoring; and
- (e) for working capital and costs of the Offer.

EverBlu Capital Pty Ltd will act as Lead Manager to the Offer. Details of the lead manager mandate entered into between the Company and EverBlu Capital Pty Ltd are set out in Section 9.5.

Further details regarding the Offer, the proposed use of funds and the risks of investing are detailed in this Prospectus.

Each Director who currently holds CDIs may take up their Entitlements in full. In the event of any Shortfall resulting from the Offer, the Directors may take up (between them) up to \$381,000 worth of Shortfall Options. Please refer to Section 5.9 for further details.

In summary, the Company is excited by the opportunities presented by its existing technology and the potential new opportunities in the market. I urge all Eligible Shareholders to read the Prospectus in full and consider taking up your Entitlement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sharon Devir', written in a cursive style.

Dr Sharon Devir
Executive Chairman

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Option for every two CDIs held by eligible CDI Holders registered at the Record Date at an issue price of \$0.04 per Option. Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 42,518,809 Options will be issued pursuant to this Offer to raise up to \$1,700,752.

As at the date of this Prospectus the Company has 3,590,484 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 6.4 for information on the exercise price and expiry date of the Options on issue.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 7.1.

All of the CDIs issued upon the future exercise of the Options offered under this Prospectus will rank equally with the CDIs on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the CDIs.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

5.2 Minimum subscription

There is no minimum subscription.

5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your **full** entitlement **and** apply for Options under the Shortfall Offer:
 - (i) complete the Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form plus any additional Shortfall Options you wish to apply for. You will be deemed to have applied for that number of Shortfall Options which in aggregate with your Entitlement is covered in full by your

application monies. In order to participate in the Shortfall Offer, you must apply for your Entitlement in full; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.04 per Option);
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.04 per Option); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

5.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Roots Sustainable Agricultural Technologies Ltd – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm AEST on the Closing Date.

5.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Options which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Options (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a CDI Holder may not sell or transfer all or part of their Entitlement.

5.6 Lead manager

EverBlu Capital Pty Ltd ACN 612 793 683 (AFSL 499601) (**Lead Manager**) has been appointed as Lead Manager to the Offer.

Director, Adam Blumenthal, is the Chairman of EverBlu and a major shareholder and controller of EverBlu. Mr Blumenthal is excluded from any resolutions considered by the Company relating to EverBlu.

The Company confirms that as at the date of this Prospectus, EverBlu Capital (or its associates, which include Adam Blumenthal) hold 1,271,299 CDIs, no Options and 1,833,333 Performance Rights in the Company.

The following fees will be paid to EverBlu Capital:

- (a) the issue of 3,000,000 Options on the same terms as those the subject of the Offer;
- (b) a \$15,000 engagement fee;
- (c) 2% of the gross proceeds raised by the Lead Manager under any Shortfall Offer amount as a management fee; and
- (d) 4% of the gross proceeds raised the Lead Manager under any Shortfall Offer amount as a capital raising fee.

The terms of the appointment of the Lead Manager are summarised in Section 9.5.

This Prospectus also contains an offer of 3,000,000 Options to the Lead Manager (or its nominee(s)) (**Lead Manager Offer**). The purpose of the Lead Manager Offer is to remove the need for an additional disclosure document to be issued under the Lead Manager Offer or upon exercise of the Options under the Lead Manager Offer. An application form will be provided to the Lead Manager in relation to the Lead Manager Offer.

5.7 Not underwritten

The Offer is not underwritten.

5.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Option to be issued under the Shortfall Offer shall be \$0.04 being the price at which Options have been offered under the Offer.

The Directors reserve the right to issue Shortfall Options at their absolute discretion. Accordingly, do not apply for Shortfall Options unless instructed to do so by the Directors.

5.9 Director participation in Shortfall Offer

At the Company's Annual General Meeting, Shareholder approval was obtained for each Director to participate in the Shortfall Offer (should there be any resulting Shortfall from the Offer).

The current interests of each Director in CDIs, Options and Performance Rights is set out in Section 9.6.

Each of the Directors' Entitlements, maximum amount of Options to be issued to each due to their participation in the Shortfall Offer and maximum resulting interest in the Company on a fully diluted basis is set out in the table below.

Director	Entitlement	Maximum Shortfall Offer Participation	Maximum % interest (fully-diluted) ¹
Sharon Devir	1,479,782	1,250,000	5.77% ²
Boaz Wachtel	2,688,389	1,250,000	7.93% ³
Adam Blumenthal	635,650	6,250,000	7.10% ⁴
Graeme Smith	Nil	150,000	0.11% ⁵
Dafna Shalev-Flamm	Nil	625,000	0.44% ⁶

Notes:

1. Based on 85,037,618 CDIs currently on issue, 49,109,293 Options being exercised (consisting of 3,590,484 Options currently on issue, 42,518,809 Options to be issued pursuant to the Offer and 3,000,000 Options being issued to EverBlu Capital) and 5,933,333 Performance Rights and 648,000 Convertible Notes converting, assuming a 1:1 basis). Meaning a total diluted capital structure of 140,728,244 CDIs.
2. Based on fully diluted CDI-holding of 8,119,836.
3. Based on fully diluted CDI-holding of 11,165,676.
4. Based on fully diluted CDI-holding of 9,990,282.
5. Based on fully diluted CDI-holding of 150,000.
6. Based on fully diluted CDI-holding of 625,000.

5.10 ASX listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

Applicants should note that, as the Company is incorporated and registered in Israel, they will be issued with CDIs instead of Options under this Prospectus. This is because the requirements of Israeli laws state that registered shareholders have the right to receive a stock certificate which does not permit the CHESS system of holding uncertificated securities.

CDIs issued pursuant to this Prospectus will allow beneficial title to the Options to be held and transferred. CDIs are electronic depository interests or receipts issued and are units of beneficial ownership in securities registered in the name of CHESS Depositary Nominees Pty Ltd (**CDN**). CDN is a wholly owned subsidiary of ASX. The

main difference between holding CDIs and Shares is that the holder of CDIs has beneficial ownership of the underlying Options instead of legal title. Legal title to the underlying Options is held by CDN for the benefit of the CDI Holder. The Options underlying the CDIs issued pursuant to this Prospectus will be registered in the name of CDN for the benefit of CDI Holders.

CDN receives no fees from investors for acting as the depository nominee in respect of CDIs.

5.11 Issue

Options issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Options issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Options issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the allotment and issue of the Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for CDIs issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.

5.12 Overseas CDI Holders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas CDI Holders, the number and value of Options these CDI Holders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Options will not be issued to CDI Holders with a registered address which is outside Australia, Israel or New Zealand.

New Zealand

The Options are not being offered to the public within New Zealand other than to existing CDI Holders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Israel

The Company does not intend to offer the new securities to the public in Israel within the meaning of the Israeli Securities Law, 1968, or offer new securities, within any specific year, to more than 35 offerees resident in Israel. The new securities have not been approved or disapproved by the Israeli Securities Authority (the **ISA**), nor have such new securities been registered for sale in Israel. The new securities may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing of this document; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the new securities being offered. Any resale in Israel, directly or indirectly, to the public of the new securities offered by this document is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any Israeli regulatory authority. This document is not a product disclosure statement under Israeli law and is not required to, and may not, contain all the information that a product disclosure statement under Israeli law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any CDI Holder resident outside Australia, New Zealand and Israel without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.13 Enquiries

Any questions concerning the Offer should be directed to the Company's share registry on 1300 288 664 (within Australia) +61 (0)2 9698 5414 (outside Australia), email hello@automic.com.au, or Sarah Smith, Company Secretary, on +61 8 6559 1792.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,700,752.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	Full Subscription (\$)	%
Installation & Engineering ¹	407,960	23.98
Sales, Marketing and Business Development ²	736,259	43.29
General and Administration	323,669	19.03
Expenses of the Offer ³	67,115	3.95
Working capital	165,749	9.75
Total	1,700,752	100

Notes:

1. These costs relate to installation, engineering and research and development personnel and sub-contractors; upgrading system components including smart pipes, coils, communications and agronomic field test and monitoring.
2. These costs relate to the Company seeking to expand into the North American, Chinese, Spanish, South Korean and Australia markets.
3. Refer to Section 9.9 for further details relating to the estimated expenses of the Offer.

In the event the Company raises less than the full subscription of \$1,700,752, after deducting expenses of the Offer, the funds raised will be applied firstly towards Installation & Engineering, followed by Sales, Marketing, and Business Development, followed by General and Administration in order of priority.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Options offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$1,633,637 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 3,590,484 as at the date of this Prospectus to 49,109,293 Options (including the 3,000,000 Options to be issued to the Lead Manager).

6.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2019 and the unaudited pro-forma balance sheet as at 31 March 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Options offered under the Prospectus are issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 31 March 2019 USD in 000	PROFORMA 31 March 2019 USD in 000
CURRENT ASSETS		
Cash ⁽¹⁾⁽²⁾	563	2,421
Other current assets	352	352
TOTAL CURRENT ASSETS	915	2,773
TOTAL NON-CURRENT ASSETS	82	82
TOTAL ASSETS	997	2,855
CURRENT LIABILITIES	1,063	2,268
NON CURRENT LIABILITIES	408	408
TOTAL LIABILITIES	1,471	2,676
NET ASSETS (LIABILITIES)	(474)	179
EQUITY		
Share capital	9,589	10,290
Reserves	(138)	(138)
Retained loss	(9,925)	(9,973)
TOTAL EQUITY	(474)	179

Notes:

1. Includes placement of AU\$1,001,00 (US\$701,00) CDI's during May 2019.
2. Reflects net proceeds of this Entitlement Offer in a total of AU\$1,633, 637 (US\$1,157,00).
3. This pro-forma balance sheet has been prepared on the basis of a US\$:AU exchange rate of 0.7084.

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

Shares/CDIs

	Number
Shares/CDIs currently on issue	85,037,618 ¹
Shares/CDIs offered pursuant to the Offer	Nil
Total Shares/CDIs on issue after completion of the Offer	85,037,618

Note:

1. This figure includes 18,758,654 CDIs which are subject to ASX restriction until 6 December 2019.

Options

	Number
Options currently on issue:	
Unquoted, exercisable at \$0.01 each on or before 30 November 2022	1,655,000
Unquoted, exercisable at \$0.14 on or before 19 August 2020 ¹	1,935,484
New Options offered pursuant to the Offer	42,518,809
Quoted, exercisable at \$0.12 on or before the date which is three years from the date of issue ²	
New Options to be issued to the Lead Manager	3,000,000
Total Options on issue after completion of the Offer³	49,109,293

Note:

1. Pursuant to the terms of these Options, the exercise price of these Options will be reduced as specified in the ASX Listing Rules in relation to pro-rata issues.
2. The full terms and conditions of the New Options are set out in Section 7.1.
3. On or about the date of this Prospectus, the Company proposes to issue 602,500 unquoted Options to employees under the Company's employee option plan. The Options will be exercisable at \$0.01 per Option on or before that date which is five (5) years from the date of issue. This will bring the total number of Options on issue after completion of the Offer to 49,711,793.

Performance Rights

	Number
Performance Rights currently on issue	5,933,333 ¹
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	5,933,333

Note:

1. Performance Rights are subject to ASX restriction until 6 December 2019.

Convertible Notes

	Number
Convertible Notes currently on issue	648,000 ¹
Convertible Notes offered pursuant to the Offer	Nil
Total Convertible Notes on issue after completion of the Offer	648,000

Note:

1. Consisting of 648,000 replacement Convertible Notes issued on the terms and conditions announced to ASX on 8 February 2019 and set out in Schedule 3 of the Company's Notice of Annual General Meeting announced to ASX on 18 April 2019.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 95,209,435 CDIs (assuming conversion of the Convertible Notes on a 1:1 basis) and on completion of the Offer (assuming all Entitlements are accepted, and no Options are exercised or Performance Rights or Convertible Notes converted prior to the Record Date) would be 140,728,244 CDIs.

6.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the CDIs on issue are set out below:

CDI Holder	CDIs	%
Jamber Investments Pty Ltd	10,714,286	12.60%
Boaz Wachtel	5,376,777	6.32%

The Offer will have no effect on the quantity of CDIs held by these substantial CDI Holders as only Options are being issued.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Options

A summary of the terms and conditions of the Options to be issued is set out below:

(a) **Entitlement**

Each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share (**Share**) in the capital of Roots Sustainable Agricultural Technologies Ltd (**Company**) upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraphs (i), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to

ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, an Option does not confer the right to a change in Exercise Price.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7.2 Certificate of incorporation, Articles and rights attaching to Shares

A summary of the Company's securities and provisions of its Certificate of Incorporation and Articles, is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) **Voting**

Unless otherwise indicated herein or required by applicable law, any Shareholders' resolution shall be deemed adopted if approved by an ordinary majority, including without limitation, a merger of the Company or an amendment to the Company's Articles, to the extent permitted by applicable law.

(b) **Dividends**

Subject to the Companies Law, the Board may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be appropriate. Subject to the Companies Law, the Board of Directors shall determine the time for payment of such dividends, and the record date for determining the CDI Holders entitled thereto.

(c) **Transfer of Shares**

No transfer of Shares shall be registered in the register of Shareholders unless a proper instrument of transfer (in form and substance satisfactory to the Secretary) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the secretary may reasonably require, and unless such transfer complies with applicable law and the Company's Articles. Until the transferee has been registered in the register of Shareholders in respect of the shares so transferred, the Company may continue to treat the transferor as the owner thereof. The Board of Directors may, from time to time, prescribe a fee for the registration of a transfer.

(d) **Issue of further Shares**

The unissued shares from time to time shall be under the control of the Board, who shall have the power to issue shares or otherwise dispose of them to such persons, on such terms and conditions (including inter alia terms relating to calls as set forth in Article 11.f) of the Company's Articles), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board of Directors may deem fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, during such time and for such consideration as the Board may deem fit.

(e) **Winding-up**

Notwithstanding anything to the contrary in the Company's Articles, a Shareholders' resolution approved by 50.01% of the voting shares represented at such meeting in person or by proxy is required to approve the voluntary winding up of the Company.

(f) **Directors – appointment and removal**

The Board of Directors shall consist of up to five (5) Directors, including two outside Directors (if required under the Israeli and Australian Companies Law) to be appointed and removed by a simple majority vote of the CDI Holders.

The requirements of the Companies Law applicable to an outside Director shall prevail over the provisions of the Company's Articles of Association to the extent that the Articles are inconsistent with the Companies Law and shall apply to the extent that the Company's Articles of Association are silent.

The Directors shall be elected at each annual general meeting and shall serve in office until the close of the next annual general meeting at which one or more Directors are elected, unless their office becomes vacant earlier in accordance with the provisions of the Company's Articles. Outside Directors are appointed for a three-year term; the term can be extended twice, each for three years. Each Director shall be elected by a Shareholders' resolution at the annual general meeting by the vote of the holders of a simple majority of the voting power represented at such meeting in person or by proxy and voting on such election; provided, however, that outside Directors shall be elected in accordance with the Companies Law. The elected Directors shall commence their terms immediately upon election, unless a later effective date is stated in the resolution with respect to their election.

Notwithstanding the other provisions of the Company's Articles of Association, one or more Directors may be elected by a Shareholders resolution at an extraordinary general meeting. Any Director appointed or elected in such manner (excluding an outside Director) shall serve in office until the next annual general meeting at which one or more Directors are elected, unless his office becomes vacant earlier in accordance with the provisions of the Company's Articles.

An elected outside Director shall commence his term from the date of the resolution of the general meeting at which he was elected and shall serve for a period of three (3) years, unless his office becomes vacant earlier in accordance with the provisions of the Companies Law.

A Director may serve for multiple terms, provided, however, that the terms of an outside Director shall be limited in accordance with applicable law.

(g) **Indemnities**

The Company may indemnify an officeholder therein, retroactively or pursuant to an advance undertaking, to the fullest extent permitted by law. Without derogating from the aforesaid the Company may indemnify an office holder the Company for liability or expense imposed on him in consequence of an action made by him in the capacity of his position as an office holder in the Company.

On 2 July 2017 the shareholders of the Company adopted a form of indemnification agreement to be executed upon the closing of the Offer with all current and future members of the Board.

8. RISK FACTORS

8.1 Introduction

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the CDIs.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted, and no Options are exercised, or Performance Rights or Convertible Notes converted, prior to the Record Date the number of Options in the Company will increase from 3,590,484 currently on issue to 49,109,293 (inclusive of the Options to be issued to the Lead Manager). This has the potential to increase the number of CDIs on issue from 85,037,618 to 134,146,911 (assuming the exercise of all Options). This means that each CDI will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a CDI will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of CDIs on ASX prior to the Prospectus being lodged of \$0.065 is not a reliable indicator as to the potential trading price of CDIs after implementation of the Offer.

(b) Risks of Israeli company

The Company is incorporated and based in Israel. Accordingly, economic and military conditions in Israel and the surrounding region, and national, company, consumer and other boycotts, may directly affect the Company's business. Major hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners, or the mandatory military service obligations of Israeli citizens (and scientific personnel) could materially and adversely affect the Company's business.

(c) Going concern risk

In the Company's Annual Report to shareholders lodged with ASX on 1 March 2019, the independent audit report stated:

Material uncertainty related going concern

We draw attention to note 1(B) of the financial report, which indicates that, the company has incurred negative cash from operation and net losses of USD 2,884 thousand during the year ended December 31, 2018. As stated in note 1(B), these matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of that matter.

Going concern – note 1B

In addition to the matters described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be a key audit matter to be communicated in our report.

As at 31 December 2018 the Company has current assets of USD 842 thousand, includes cash and cash equivalents of USD 593 thousand and trade and other payables of USD 418 thousand.

According to the Company's projected 12 month cash flow forecast an outgoing of approximately USD 2,000 thousand is expected.

The Company also included in its cash flow forecast receipt from a convertible loan agreement in which the Company has borrowed a total of AUD 1,620 thousand (approximately USD 1,150 thousand) from its shareholders.

The Company's ability to pay its trade and other payables over the next 12 months is dependent upon generating enough revenue from its operations and additional capital raisings.

There is a risk that the Company may not be able to pay its debts when they fall due, therefore is key audit matter.

Notwithstanding the above, the Directors believe that upon the successful completion of the Offer the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

Please refer to Section 8.2(f) (Additional requirements for capital) below for further details.

(d) Intellectual Property

The Company's interest in its technologies is protected by a portfolio of issued and pending patents. Whilst this provides the Company with protection, there is no guarantee that other companies will not legally challenge the patents or that they might knowingly or unknowingly infringe the Company's patents. Any such action may adversely affect the business, operating results and financial condition of the Company. The Company could also be subject to claims by employees and service providers under the Israeli Patent Law, 5727-1967 with respect to intellectual property developed by them.

(e) **Applicability of Israel Law**

Your rights and responsibilities as a Shareholder will be governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of Australian companies. It may be difficult to enforce a judgment of an Australian court against the Company, its officers and directors in Israel or elsewhere, to assert Australian securities laws claims in Israel or to serve process on Roots' officers and directors. Provisions of Israeli law and Roots' Articles may delay, prevent or otherwise impede a merger with, or an acquisition of, Roots even when the terms of such a transaction are favourable to Roots and its Shareholders.

(f) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(g) **Israeli Government Grants**

Roots has received grants for certain research and development activities and may receive additional grants in the future. The terms of those grants, may trigger additional payments to the National Authority following Roots' decision to manufacture products or transfer its IP outside of Israel, and Roots may be required to pay penalties in such cases or upon sale of IP, under the R&D Law. Roots has received a total amount of US\$687,110, (i.e. A\$892,235) from the National Authority, such amount has to be repaid as 3% to 3.5% of sales of the Company.

In addition to paying any royalty due, Roots must abide by other restrictions associated with receiving such grants under the R&D Law that continue to apply following repayment to the National Authority. These restrictions may impair Roots' ability to outsource manufacturing, engage in change of control transactions or otherwise transfer Roots' know-how outside of Israel by requiring Roots to obtain the approval of the National Authority for certain actions and transactions and pay additional royalties and other amounts to the National Authority. Such amounts may be up to six times the total of the grants actually received, however this is typically reduced by several factors which may be applicable to Roots.

In the event of manufacturing outside of Israel, the maximum repayment can be equal to up to 300% of the grants actually received from the National Authority (assuming all manufacturing is outside of Israel – if only part of the manufacturing is outside of Israel then the maximum repayment amount may be lower). In addition, if Roots wants to sell its IP to a non-Israeli party the repayment can be between 3-6 times of the total grants received from the National Authority (in general, if most of the Company's employees remain employed in Israel, the maximum

repayment amount may be up to 3 times of the grants received from the National Authority.

(h) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel (including the Directors). There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors cease to be directors of the Company.

Success of the business will depend on the Directors and the officers of the Company to develop the business and manage operations, and on the ability to attract and retain key quality staff and consultants.

The management team is currently comprised of a team of personnel who the Directors consider can cover on a temporary basis for any other member of the team who may leave the Company, until such time as the Company engages a replacement. However, the loss of multiple key persons or the inability to find new key persons (or delays in finding such key persons) could have a material adverse effect on the business.

(i) **Slow Penetration Rate**

Agriculture is a segment known for slow penetration rates of new technologies. Unless the new technology is disruptive then usually in nature agricultural technology's penetration rates are usually slow, in comparison to high technology or transportation technology. This slow penetration rate needs to be taken into account in the context of Roots' technology.

(j) **Competition**

There is significant competition in the agricultural technology industry generally, more so in greenhouse heating technologies and less in cooling technologies. In particular, Roots is in competition with other drip irrigation companies, particularly in relation to its "Irrigation by Condensation" product. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the products manufactured or developed by Roots, or which would render the products obsolete and/or otherwise uncompetitive.

The Company may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

(k) **New Technology with Limited Testing and Feedback**

A failure to successfully develop and commercialise the Company's technologies could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

(l) **Limited Commercial Sales to Date**

Roots started its activity in November 2012. Since then, the Company has installed in Israel, USA, China, Spain and South Korea more than 25 installations from which paid customers are only in China, South Korea, USA and Israel. It takes at least one calendar year to prove the efficiency of the technology. Sometimes extreme cooler summers or extreme hotter winters can diminish the system effectiveness. Due to restricted resources, Roots has concentrated on several crops such as herbs, leafy vegetables flowers, strawberries cucumbers and cannabis. It will take at least another two quarters until first deployment of systems in Spain and Australia will mature to start first penetration sales.

(m) **Limited Purchasing Power**

Although Roots has started penetration sales, the quantity of these sales is still small. At this stage, it is more economical to produce a part of Roots' products such as ground source heat coil exchangers, and controls in small amounts. Once sales increase, the Company will seek to sign a long-term manufacturing agreement with sub-contractors.

(n) **Cost of technology**

Although Roots will eventually seek to market its technology into mid and low-income countries the costs of implementing the technologies may prove too expensive for consumers in these countries. Should this prove to be the case this could result in reduced gross margins and loss of potential market share, either of which could materially adversely affect the Company's future business, operating results and financial position.

8.3 Industry specific

(a) **Decreasing energy costs**

Roots' technology uses the ground as one of its main resources of energy and high Coefficient of Performance (**CoP**) heat pumps. Compared with systems that use fossil resources, Roots' routine energy costs are very low. Decreased global energy costs, might lower the attractiveness of Roots' technology.

(b) **Extreme weather conditions**

Roots' technology uses the ground as one of its main sources of energy and temperature exchange to maintain stable water temperature year-round. Roots' technology performs better under extreme cold or hot weather in moderate climates such as Israel, Spain and Australia, China and the USA. After a year of extreme cold winter or hot summer, Roots may sell its systems at relatively higher prices. However, after a year of extreme hot winter or cooler summer, Roots may have to sell its systems at relatively lower prices due to time lapses from last extreme weather crop loss.

(c) **Price sensitive market**

Prices of agricultural crops are very volatile due to unexpected climatic changes, diseases and global crop availability and deficiency. This affects Roots' target customers. Approaching a farmer after a year with

low income from its crops, might lower the chance that they will invest in new technology.

(d) **Conservative market**

Farmers are known to be a conservative customer. For example, they may adopt new technology only after viewing it at another's farm or on a recommendation from a local extension service or academic institute. Roots cannot perform pilot installation in each county and it might be that additional marketing efforts will be needed, which will therefore incur more costs.

8.4 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, including to the Law for Encouragement of Capital Investments 5719-1959, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) **Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance, financial position and activities of the Company.

(c) **Taxation**

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Options from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Options under this Prospectus.

(d) **No representation or warranty as to the accuracy or completeness of the information**

The information in this Prospectus may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Neither the Company, nor any other advisor of the Company intends to update this Prospectus or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in this Prospectus or in any other information that may be made available concerning the Company. Investors should conduct their own due diligence investigations regarding the Company and the prospects of the Company's proposed activities.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

8.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Therefore, the Options be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

9.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
11/06/2019	Cleansing Statement
04/06/2019	Appendix 3B
30/05/2019	Amended Appendix 3B
24/05/2019	Appendix 3B
24/05/2019	Notice of substantial holder
23/05/2019	Cleansing Statement & Appendix 3B - Placement
23/05/2019	Results of Meeting
15/05/2019	Roots secures \$1.66 million through Private Placement
13/05/2019	Trading Halt
08/05/2019	Cleansing Statement & Appendix 3B
07/05/2019	Roots RZTO technology increases yield of tomatoes by 19%
01/05/2019	Roots builds momentum in North American cannabis sector
30/04/2019	Quarterly Activities Report & Appendix 4C
24/04/2019	Roots RZTO technology boosts yield of yardlong beans by 40%
18/04/2019	Notice of Annual General Meeting
12/04/2019	Appendix 3B
04/04/2019	Cleansing Statement and Appendix 3B
04/04/2019	Roots receives second RZTO cannabis sale in North America
22/03/2019	First RZTO sale on North America's Cannabis Sector
15/03/2019	Roots secures third sale from Dagan for Greenhouse Project
01/03/2019	Appendix 4G
01/03/2019	Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.rootssat.com.

9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its CDIs are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the CDIs on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.115	2 and 4 April 2019
Lowest	\$0.065	14 June 2019
Last	\$0.065	14 June 2019

9.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

9.5 Mandate Letter – EverBlu Capital

The Company has executed a mandate with EverBlu Capital pursuant to which EverBlu Capital has been engaged as the Company's corporate advisor and Lead Manager in connection with the Offer (**Mandate**).

Pursuant to the Mandate, the Company will pay EverBlu Capital a \$15,000 engagement fee and issue EverBlu Capital with 3,000,000 Options (on the same terms as those offered under this Prospectus).

The Company will also pay EverBlu Capital 2% of the gross proceeds raised by the Lead Manager under any Shortfall Offer amount as a management fee and 4% of the gross proceeds raised by the Lead Manager under any Shortfall Offer amount as a capital raising fee.

The Company must also reimburse EverBlu Capital for all reasonable expenses incurred in connection with the engagement, subject to EverBlu Capital seeking written approval from the Company prior to incurring any individual expenses above \$2,000.

9.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	CDIs	Options ¹	Performance Rights ²	Entitlement	\$
Sharon Devir	2,959,564 ³	430,490 ⁴	2,000,000 ⁴	1,479,782	59,191
Boaz Wachtel	5,376,777 ⁴	850,510	1,000,000 ⁴	2,688,389	107,535
Dafna Shalev-Flamm	Nil	Nil	Nil	Nil	0
Adam Blumenthal	1,271,299 ⁵	Nil	1,833,333 ⁴	635,650	25,426
Graeme Smith	Nil	Nil	Nil	Nil	0

Notes:

- Exercisable at \$0.01 each on or before 30 November 2022.
- The Performance Rights are subject to the achievement of performance milestones. Further details are set out in the Company's Replacement Prospectus dated 29 September 2017.
- This figure includes 2,931,564 CDIs which are subject to escrow until 6 December 2019 and 28,000 CDIs which are not subject to escrow restrictions.
- Subject to escrow until 6 December 2019.
- This figure includes 966,667 CDIs which are subject to escrow until 6 December 2019 and 354,632 CDIs which are not subject to escrow restrictions.

As set out in Section 5.9, each Director proposes to participate in taking up Shortfall under the Offer. The maximum amounts that each Director may take up under any Shortfall are set out in Section 5.9.

Each Director who currently holds CDIs may take up their Entitlements in full. The Board recommends all CDI Holders take up their Entitlement.

Remuneration

In accordance with the requirements of the Companies Law, the Company has established a separate remuneration committee, which includes all outside Directors serving on the Board. The outside Directors must also comprise a majority of the Remuneration Committee, and an outside Director must serve as the chair. The Remuneration Committee currently consists of Dafna Shalev-Flamm, Graeme Smith and Boaz Wachtel.

In addition to the requirements under the Companies Law, the Remuneration Committee is governed by the Remuneration Committee Charter established by the Board, which is subject to review by the Board at any time. The Remuneration Committee is charged with the responsibility of, amongst other things:

- (a) reviewing and approving the executive remuneration policy, in accordance with the Companies Law, to enable the Company to attract and retain executives and Directors who will create value for Shareholders;
- (b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (c) recommending to the Board the remuneration of executive Directors in accordance with the remuneration policy;
- (d) fairly and responsibly rewarding executives having regard to their performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- (e) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- (f) reviewing and approving the remuneration of Director reports to the Chief Executive Officer, and as appropriate the remuneration of other senior executives; and
- (g) reviewing and approving any equity-based plans and other incentive plans.

The Remuneration Committee must also recommend to the Board a policy regarding the terms of engagement of Directors and of specified members of senior management, which is referred to as a "remuneration policy". That remuneration policy must be adopted by the Board, after considering the recommendations of the remuneration committee, and will need to be brought for approval by Shareholders.

Compensation of an outside Director is determined prior to his or her appointment.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed Remuneration Year ending 31 December 2020 US\$	Remuneration Year ending 31 December 2019 US\$	Remuneration Year ended 31 December 2018 US\$
Sharon Devir	64,300	64,300	64,366
Boaz Wachtel	25,800	25,800	25,724
Ms Dafna Shalev-Flamm	16,200	16,200	12,253
Adam Blumenthal	30,500	30,500	30,569
Graeme Smith	22,400	22,400	22,431

9.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$247,942 (excluding GST and disbursements) for legal services provided to the Company.

Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co has acted as the solicitors to the Company in relation to the Israeli corporate law aspects of the Offer. The Company estimates it will pay Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co \$7,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co has been paid fees totalling US\$142,799 (excluding GST and disbursements) for legal services provided to the Company.

EverBlu Capital Pty Ltd has been engaged as corporate advisor and Lead Manager in connection with the Offer. EverBlu Capital Pty Ltd be paid \$15,000 and be issued with 3,000,000 Options for services provided in relation to the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, EverBlu Capital Pty Ltd has been paid fees totalling \$758,319 by the Company.

9.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co has given its written consent to being named as the Israeli solicitors to the Company in this Prospectus. Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

EverBlu Capital Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus. EverBlu Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$67,115 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	15,317
Manager to the Offer fees	15,000
Legal fees	22,000
Printing and distribution	2,000
Miscellaneous	9,592
Total	67,115

9.10 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6559 1792 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.rootssat.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.13 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Dr Sharon Devir
CEO and Executive Chairman
For and on behalf of
Roots Sustainable Agricultural Technologies Ltd

11. GLOSSARY

\$ or AU\$ means the lawful currency of the Commonwealth of Australia.

Annual General Meeting means the Company's annual general meeting held on 23 May 2019.

Applicant means a Shareholder who applies for Options pursuant to the Offer or a Shareholder or other party who applies for Shortfall Options pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ARBN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CDI Holder means a holder of CDIs.

CDIs means CHESS Depositary Interests issued by CDN, where each CDI represents a beneficial interest in one Share.

CDN means CHESS Depositary Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depositary of the CDIs under the ASX Settlement Operating Rules.

CHESS means the Clearing House Electronic Subregister System.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Companies Law means the Companies Law 5759 – 1999 (Israel).

Company or **Roots** means Roots Sustainable Agricultural Technologies Ltd, a company incorporated in Israel with company registration number 51-426268-2 and registered as a foreign company in Australia (ARBN 619 754 540).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a CDI Holder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

IP means intellectual property.

Lead Manager or **EverBlu Capital** means EverBlu Capital Pty Ltd ACN 612 793 683 (AFSL 499601).

National Authority means the Israel Innovation Authority (formerly named, the Office of Chief Scientist).

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share on the terms and conditions set out in Section 7.1.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a CDI, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the CDI.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

R&D Law means the Encouragement of Research, Development and Technological Innovation Law, 5744-1984 (Israel) and the Regulations for the Encouragement of Research and Development in Industry (Rate of Royalties and Rules for their Application), 5756-1996.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share or a CDI.

Shortfall means the Options not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.8.

Shortfall Options means those Options issued pursuant to the Shortfall.

US\$ means the lawful currency of the United States of America.

WST means Western Standard Time as observed in Perth, Western Australia.