



ROTOGRO

30 June 2018

Quarterly Activities Report for the Period Ended June 30, 2018

Roto-Gro International Limited (“ASX:RGI”, “Roto-Gro” or the “Company”) is pleased to provide its quarterly activities report for the period ended June 30, 2018.

Quarter Highlights

- The Company undertakes \$4.56M capital raise from sophisticated investors
- The Company completes acquisition of assets and ongoing contracts for Hanson Fertigation the which provides a holistic solution to the agriculture industry
- RotoGro invests in organic perishable foods grower, Gibio Inc. which provides for RotoGro to subscribe for up to a 49% equity stake in Gibio
- RotoGro signs 20-year exclusive, manufacturing, technology and service contract for all rotational garden systems required for Gibio’s perishable food facilities globally
- The Company commences production of Miracle Valleys \$2.3M purchase order

Operational Overview

During the quarter, Roto-Gro World Wide (Canada) Inc., a wholly owned subsidiary of Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”), commenced production of Miracle Valley Medicinal Alternatives M.V.M.A. Ltd. (“**Miracle Valley**”), \$2.3M purchase order for the manufacture of RotoGro Rotational Hydroponic Gardens for their 29,000 sq. ft. ‘state of the art’ cultivation and manufacturing facility in British Columbia, Canada. Due to delays with Miracle Valley’s construction contractors they are only able to receive their first delivery of machines in August 2018.

The Company’s design and engineering team commenced its work on a prototype of a rotational garden system for cultivating organic perishable foods for Gibio Inc. (“**Gibio**”). The prototype is expected to be delivered and implemented in August 2018. The prototype is being designed to suit Gibio’s operational needs to harvest and supply 3,600 heads of Cos Lettuce per day for a prominent

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Company Secretary

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Quebec supermarket chain. This task has provided for the upskilling and cross-training of operational staff at the Company's facility in Bolton, Ontario.

The Company also undertook a \$4.56M capital raise from institutional and sophisticated investors. The capital raise was fully subscribed and split into two tranches with the first tranche of \$2.6M being raised during the quarter and the remaining circa \$2M to be received at the beginning of the next quarter.

Production and Sales Pipeline

The Company continues to work with new and existing clients assisting with design and fit-out solutions for their lawful cannabis growing facilities. These efforts have resulted in one of our unlisted clients successfully growing three lawful cannabis crops in their test units and progressing to the design of its first phase installation which will provide for 48 RotoGro Rotational Hydroponic Garden Systems.

During the quarter, the Company received the balance of Miracle Valley's first \$1M deposit pursuant to its firm purchase order for \$2.3M. The receipt of the first \$1M triggers the production of RotoGro Hydroponic Garden Systems which are required by Miracle Valley to complete the buildout of its lawful cannabis growing facility.

Design Services, Research & Development

The Company's sales team continues its holistic approach (from concept to harvest, integrating design and growing expertise) to enable RotoGro to engage prospective clients very early in their application and design phase. This approach ensures that the design of each facility maximises the advantages of the RotoGro Hydroponic Garden System. During the quarter Dr Hamid Hamiduzziman, a qualified botanist with a PhD in Molecular Plant Pathology from the University of Neuchatel, Switzerland, joined RotoGro's Toronto team on a full-time basis. Dr Hamid will lead RotoGro's growing trials and work with existing and potential clients to enhance yields using the RotoGro Hydroponic Garden System.

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Both of the Company's state-of-the-art grow rooms have been designed as separate dedicated growing environments for perishable foods and lawful cannabis. The Company completed grow cycles of cherry tomatoes, cabbage, capsicums, lettuce, herbs and chili peppers during the quarter. Testing focused on different light sources between machines to have a better understanding of the impact of different light sources on yield, temperature, humidity and nutrient consumption. The results of these comparative tests were very fruitful, confirming the savings in power cost associated with hydroponic growing.



Recent Growing Trials of Perishables at RotoGro's Bolton facility

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The Company is in the process of fitting out an onsite laboratory for the testing, scientific analysis and study of different plants and strains in both the lawful cannabis and perishable foods space. In addition to on-site growing, the Company is exploring independent partnerships in North America and Australia to further enhance its research and knowledge base.

Strategic Partnerships and Complimentary Acquisitions

During the quarter, the Company (through its wholly-owned subsidiary, Global Fertigation Solutions Inc. (“GFS”)) agreed to acquire the assets and ongoing contracts of Hanson’s Water Treatment Inc. (“Hanson”) associated with Hanson’s fertigation business. With this transaction closing post-quarter end, the acquisition provides a holistic solution to the agriculture industry at large (encompassing traditional field farming, greenhouses, flat deck cultivation and rotational gardens). The successful acquisition in the fertigation space further expands the Company’s revenue streams and its footprint as a global solutions provider to the agricultural industry.

During the quarter, RotoGro also invested in organic perishable foods grower, Gibio Inc. (“Gibio”). The investment provides for RotoGro to subscribe for up to a 49% equity stake in Gibio and includes a 20-year exclusive, manufacturing, technology and service contract for all rotational garden systems required for Gibio’s perishable food production facilities globally. Gibio’s first flagship indoor vertical farming facility will comprise four hundred and twenty (420) 8-foot diameter RotoGro Rotary Hydroponic Garden Systems (specifically designed by RotoGro to meet Gibio’s operational needs), which is equivalent (in cross section) to 1,680 4-foot diameter RotoGro Rotary Hydroponic Garden Systems.

The Company continues to search and evaluate nutrient businesses for acquisition to meet the Company’s ongoing growing management service needs which arise after the order, delivery and setup of customer operations utilizing RotoGro Hydroponic Garden Systems. The Company has determined that there is a valuable revenue stream in offering nutrients in support of the Company’s licensed iGrow™ software management system.

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Managing Director, Michael Carli states, “It has been a very exciting quarter of achievement and progress as our business grows into its three business verticals. The transformation from providing patented and proprietary technology to delivering holistic agricultural solutions from concept to harvest is well under way, with a keen focus on moving to equity and operational positions in growing facilities for both lawful cannabis and perishable foods. Our successful acquisition of an established fertigation business and our investment in urban farming of perishable foods with Gibio are significant steps to creating a solid foundation for our future. These achievements together with the upcoming deliveries for Miracle Valley, new orders and investment opportunities are a testament to the continual hard work of our team. We are excited about the next quarter as we look to expand our third vertical of agricultural services, and to secure equity participation in a lawful cannabis license.”

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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 licensed, proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space. RotoGro holds worldwide exclusive licenses for lawful medicinal and recreational cannabis markets and holds worldwide non-exclusive licences for all other purposes including pharmaceuticals, nutraceuticals and perishable foods.

RotoGro’s wholly-owned subsidiary, Global Fertigation Solutions Inc. (“GFS”), provides a patent-pending specialized business line for water treatment and nutrient management in the viticulture, perishable foods and lawful cannabis space. GFS has successfully provided design solutions, installations and ongoing service contracts for more than twelve (12) licensed lawful cannabis facilities in the State of Nevada, USA and is embarking on expanding this offering globally.

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The Company continues its focus on expanding into industry synergistic opportunities; exploring strategic partnerships and complimentary acquisitions in related markets which include, lawful cannabis license ownership, growing management services, industry leading nutrients, emerging tissue culture expertise and other supporting faculties of hydroponic growing.

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