



ROTOGRO

30 September 2018

Quarterly Activities Report for the Period Ended September 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 September 30, 2018.

Quarter Highlights

- The Company enters into a Heads of Agreement with Freshero Pty Ltd
- RotoGro completes the acquisition and integration of the fertigation assets (including ongoing fertigation contracts) of Hanson Water Treatment, Inc.
- The Company enters into a definitive share purchase agreement with Valens GroWorks Corp. to acquire all issued and outstanding shares of Supra THC Services Inc.
- RotoGro investment; Gibio Inc. is entering the final stages of the design of its first automated indoor urban farming facility located in Quebec, Canada
- RotoGro completes the design of its laboratory for the testing, scientific analysis and study of different plants and strains for both lawful cannabis and perishable foods

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”), entered into a Heads of Agreement with Freshero Pty Ltd (“Freshero”) to leverage RotoGro’s patented and proprietary rotational hydroponic garden systems, crop management fertigation hardware and software systems (the “Freshero Agreement”) as part of Freshero’s urban vertical farming offering. The Freshero Agreement provides for exclusive long-term equipment, operational management and maintenance contacts with an overriding royalty to RotoGro generated on revenue from the sales of perishable foods produced at each Freshero facility globally.

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Michael Slater (Executive Director)
David Palumbo (Non-Executive Director)
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Company Secretary

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In addition, RotoGro completed the acquisition and integration of the fertigation assets (including ongoing fertigation contracts) of Hanson Water Treatment, Inc. through its wholly-owned subsidiary, Global Fertigation Solutions, Inc. (“GFS”). This acquisition provides the Company with a turnkey nutrient management delivery system integrated with the RotoGro Rotational Hydroponic Garden System (the “**RotoGro System**”), as well as the opportunity to generate revenue from the sale of fertigation systems to other agricultural applications.

During the quarter, the Company agreed (subject to shareholder approval) to acquire all of the issued and outstanding shares in the capital stock of Roto-Gro Inc., a company which owns all of the issued share capital in various operating companies which own the intellectual property (including patents, patents-pending and trademarks) for the RotoGro Systems, the proprietary iGrow® growing management software, the manufacturing equipment and parts inventories, and the leasehold interest in the manufacturing facility located in Caledon, Ontario, Canada. The consideration for the purchase is 10,000,000 fully paid ordinary Roto-Gro shares and 20,000,000 performance shares (each converting to one fully paid ordinary share upon satisfying revenue based performance milestones). The purchase will give RotoGro ownership and control of exclusive rights to all orders and growing ownership opportunities in perishable foods, pharmaceuticals, nutraceuticals and all other growing purposes; such rights are in addition to the rights pertaining to lawful cannabis which RotoGro acquired from Roto-Gro Technologies Inc. prior to RotoGro’s IPO in 2017. Shareholder approval for the acquisition will be sought at the Company’s forthcoming annual general meeting.

Expanding the Company’s shareholder base and areas of operational interest, the Company appointed Deutsche Gesellschaft für Wertpapieranalyse GmbH (“**DGWA**”) as RotoGro’s European Corporate Advisor. The engagement of DGWA provides the Company with Investor Relations and Corporate Advisory services, positioning the Company in the German-speaking media environment and broadening investment from European retail and institutional investors.

Following the quarter end, the Company entered into a definitive share purchase agreement with Valens GroWorks Corp. to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc. (the “**Supra Agreement**”). Supra THC Services Inc. operates its business pursuant

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to a Dealer's License issued by Health Canada under the Narcotic Control Regulations of the *Controlled Drugs and Substances Act* (Canada) (the "**Dealer's License**"). The Company has appointed Michael Di Tommaso, a senior executive with experience in Cannabis Legislation, as Operations Manager for Cultivation and engaged Cannabis Compliance Inc. (a preeminent Canadian cannabis compliance firm) to assist the Company with conversion and amendments to the Dealer's Licence to permit additional cultivation methods and to construct and outfit a cultivation and processing facility comprising approximately 44,000 square feet (the "**Cultivation Facility**"). In this regard, RotoGro will lease a site for the Cultivation Facility located near RotoGro's current manufacturing and research and development facility in Caledon, Ontario, Canada (the "**RotoGro Facility**"). The Company estimates that the cost to fit out the first phase of the Cultivation Facility will be CAD \$500,000.00. The total consideration for the Supra Agreement is CAD \$11,000,000.00, comprised of CAD \$2,000,000.00 in cash and 18,900,000 in Company shares at an average deemed value of CAD \$0.48 (AUD \$0.52) per share.

Production and Sales Pipeline

The Company continues to work with new and existing clients providing design and fit-out solutions for lawful cannabis and perishable food growing facilities. These services are being delivered in Australia and Canada where the Company works with unlisted lawful cannabis license aspirants. The Company's services are being offered in connection with the aspiring licensees' facility designs and their license applications. In addition, Gibio Inc. is entering the final stages of the design of its first automated facility located in Quebec, Canada (the "**Gibio Facility**"). The Gibio Facility is designed for the production of organic perishable foods (produce) including the automated removal of the growing drum and the growing trays, automated harvesting and washing of crops, replanting and reinstallation of the growing drum for the subsequent cultivation cycle.

Due to delays with Miracle Valley Medicinal Alternatives M.V.M.A. Ltd's ("**Miracle Valley**"), construction contractors, Miracle Valley requested that the Company delay the first delivery of the RotoGro Systems to the next quarter. The Company has built the units for the first delivery and is awaiting confirmation of a delivery program from Miracle Valley.

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Following the quarter end, the Company commenced the exchange of growing knowhow and the cultivation of key product lines with Freshero at the RotoGro Facility.

Design Services, Research & Development

During the quarter, the RotoGro completed the design of its laboratory located at the RotoGro Facility for the testing, scientific analysis and study of different plants and strains for both lawful cannabis and perishable foods (the “**RotoGro Laboratory**”). The RotoGro Laboratory will support the ongoing growing trials currently being undertaken at the RotoGro Facility and will define key metrics to enhancing yields and optimising operational costs. Continually refining inputs derived from the growing trials during the growth cycle in conjunction with our propriety iGrow® software provides for efficient cultivation of consistent crops from concept to harvest.

Following the acquisition of the fertigation assets (including the ongoing fertigation contracts) from Hanson Water Treatment, Inc., RotoGro (through its wholly-owned subsidiary, GFS) has been enhancing the fertigation solution for the RotoGro System for both lawful cannabis and perishable foods (produce) cultivators. The integration of both systems has focused on the “feeding” requirements of the RotoGro System as well as integrating the iGrow® and GFS software portals. The Company is also working on the integration of salesforce across the Company’s subsidiaries to harness synergies in the respective Customer Relationship Management databases.

RotoGro continues to undertake growing trials for both perishable foods (produce) and lawful cannabis at its state-of-the-art grow rooms at the RotoGro Facility, overseen by Roto-Gro’s botanist, Drazen Vivic. Testing focuses on harnessing efficiencies of various light sources, nutrient compositions, height control of crops and planting density within the RotoGro System.

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Strategic Partnerships and Complimentary Acquisitions

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

To date, the Company has successfully acquired the fertigation assets of Hanson Water Treatment, Inc. and partnered with Gibio Inc. (pursuant to an equity investment and the design of Gibio's first automated growing facility in Quebec, Canada). In addition, the Company is collaborating with Freshero with an intention to enter into exclusive long-term equipment, operational management and maintenance contacts with an overriding royalty to RotoGro on revenue from the sales of perishable foods produced at each Freshero facility globally. Freshero is expected to commence growing trials next quarter, with the parties to then negotiate a binding agreements.

Following the quarter end, RotoGro entered into a definitive share purchase agreement with Valens GroWorks Corp. to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc.. This acquisition is essential to the establishment of RotoGro's first lawful cannabis growing facility which will be located in Caledon, Ontario, Canada. The acquisition is subject to shareholder approval, to be sought at the forthcoming annual general meeting.

During the next quarter, the Company has secured a booth at the MJ Biz Conference exhibition in Nevada, USA where RotoGro will showcase the RotoGro competitive advantage and GFS's patent-pending fertigation systems for all agricultural applications, building on the twelve lawful cannabis cultivators in Nevada, USA to which GFS has already provided fertigation solutions.

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 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, “We are very excited with the Company’s progress during this quarter and since our initial public offering in Q1, 2017. The definitive share purchase agreement entered into with Valens GroWorks Corp. post-quarter end (to acquire all of the issued and outstanding shares in the capital stock of Supra THC Services Inc.) positions the Company on a path to become a low-cost producer of lawful cannabis exploiting the competitive advantage offered by the RotoGro System. This acquisition coupled with the Company’s business collaborations in the perishable food (produce) space cements the Company’s cultivation focus and provides diversification across two prominent and nascent sectors. The acquisition of the fertigation assets (including the ongoing fertigation contracts) from Hanson Water Treatments, Inc. completes the “RotoGro Solution” and delivers our turnkey offering from concept to harvest. RotoGro is clearly, “The Greenhouse Evolved”. The Company’s management team is very proud of our execution to date on delivering the Company’s strategy of sustained long-term revenues from low-cost cultivation across all agricultural sectors. The hard work behind the scenes provides a solid foundation to the delivery of sustained revenues and long-term value appreciation to our shareholders.”

The Company has also applied to ASIC for an extension of the period to hold its annual general meeting, with the notice (including an independent expert’s report opining on the acquisition of RotoGro Inc.) expected to be sent to shareholders in mid-November and the meeting held in mid-December 2018.

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For more information please contact

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About Roto-Gro International Limited

Roto-Gro International Limited (www.rotogro.com) is an Australian-based company with global operations focused on the Cultivation of lawful cannabis and perishable food (produce) which take advantage of its 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 has agreed, subject to shareholder approval, to acquire the technology for all other purposes including pharmaceuticals, nutraceuticals and perishable foods.

The company has joint venture partnerships with Gibio Inc. and Freshero Pty Ltd. The joint ventures leverage RotoGro's patented rotational hydroponic garden systems, crop management fertigation hardware and proprietary software systems to produce greater yields and lower operating costs. In addition, the company has entered into a Share Purchase Agreement to acquire all the issued and outstanding shares in the capital stock of Supra THC Services Inc. which holds a Health Canada approved Dealer's License.

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.

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

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