



ROTOGRO

ROTO-GRO INTERNATIONAL LIMITED
ABN 84 606 066 059

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Friday 29 November 2019

Time of Meeting:
1.00pm (AEDT)

Place of Meeting:
Institute of Chartered Accountants Australia and New Zealand
Level 18, Bourke Place
600 Bourke Street
Melbourne, VIC 3000

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay*

ROTO-GRO INTERNATIONAL LIMITED

ABN 84 606 066 059

Registered office: Level 4, 100 Albert Road, South Melbourne, VIC 3205

Notice is hereby given that the Annual General Meeting of shareholders of Roto-Gro International Limited (the "Company") will be held at the office of the Institute of Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne, VIC 3000 at 1.00pm (AEDT) on Friday 29 November 2019 ("Annual General Meeting" or "Meeting").

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS:

Receipt and consideration of Financial Statements & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the financial year ended 30 June 2019.

Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no Resolution will be put to Shareholders on this item of business.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2019 be adopted."

Resolution 2 – Re-election of Mr Michael Carli as a Director of the Company

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That Mr Michael Carli, being a Director who retires by rotation pursuant to the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company'.

Resolution 3 – Election of Mr Terry Gardiner as a Director of the Company

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Terry Gardiner, having been appointed as a Director during the year and who vacates office in accordance with the Company's Constitution and, being eligible, who offers himself for election as a Director of the Company, be elected as a Director of the Company."

Resolution 4 – Election of Mr James Myers as a Director of the Company

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr James Myers, having been appointed as a Director during the year and who vacates office in accordance with the Company's Constitution and, being eligible, who offers himself for election as a Director of the Company, be elected as a Director of the Company."

Resolution 5 – Election of Mr Michael Di Tommaso as a Director of the Company

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Michael Di Tommaso, having been appointed as a Director during the year and who vacates office in accordance with the Company's Constitution and, being eligible, who offers himself for election as a Director of the Company, be elected as a Director of the Company."

Resolution 6 – Issue of Broker Options

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 8,000,000 Options (exercisable at \$0.3225 on or before 2 years from issue) to Brokers or their nominees on the terms set out in the Explanatory Memorandum.”

Resolution 7 – Approval to Issue Options to a Related Party

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 650,000 employee share options to Mr James and Ms Sherry Gallant (or their nominee), on the terms and conditions in the Explanatory Statement.”

Resolution 8 – Approval to issue Shares

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 218,605 paid ordinary shares in the capital of the Company to Bletchley Park Capital, or its nominees, on the terms and conditions in the Explanatory Memorandum.”

Resolution 9 – Approval to Issue Consideration Shares.

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 30,000,000 fully paid ordinary shares in the capital of the Company to the vendors of Medicinal Compassion Canni Farms Inc on the terms and conditions in the Explanatory Memorandum.”

Resolution 10 – Ratification of Prior Issue of Shares

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, shareholders approve, ratify and confirm the issue and allotment, made on or about 3 May 2019, of 16,659,380 fully paid ordinary shares in the Company at an issue price of \$0.215 (21.5 cents) per share to institutional and sophisticated investors on the basis set out in the Explanatory Statement.

Resolution 11 – Ratification of Prior Issue of Shares to Spark Plus (Australia) Pty Ltd

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, shareholders approve, ratify and confirm the issue and allotment, made on 17 September 2019, of 50,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.18 (18 cents) per share to Spark Plus (Australia) Pty Ltd on the basis set out in the Explanatory Statement.

Resolution 12 – Approval of Employee Incentive Plan

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes shareholders approve with effect from the close of this Meeting the Company’s Executive Incentive Plan (copies of the Plan Rules are available for inspection at the Company’s registered office) and the issue of options by the Board in its discretion in accordance with the provisions of that EIP”

SPECIAL BUSINESS

Resolution 13 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following as a **special resolution**:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

DATED this 25 October 2019 at Melbourne.

By the order of the Board

A handwritten signature in black ink, appearing to read 'Melanie Leydin', with a long horizontal flourish extending to the right.

Melanie Leydin
Company Secretary

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company, it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority.
 - h. To be effective, proxy forms must be received by the Company's share registry Link Market Services no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 1.00pm (AEDT) on Wednesday, 27 November 2019. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. How the Chairman will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chairman of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

6. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast on Resolution 1 by or on behalf of the Company's key management personnel (including the Directors) ("KMP"), details of whose remuneration are included in the Remuneration Report, or their closely related parties, whether as a securityholder or as a proxy.

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Accordingly, if you intend to appoint a member of KMP as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolutions 2 - 5

There are no voting exclusions on these Resolutions.

Resolution 6

The entity will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person (or those persons)

However, the entity need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7

The entity will disregard any votes cast in favour on this Resolution by or on behalf of:

- (a) a person who is to receive the options in relation to the entity; or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolutions 10 and 11

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 12

The Company will disregard any votes cast in favour on this Resolution by or on behalf of:

- (a) a director of the entity (except one who is ineligible to participate in the employee incentive plan); or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Since Resolution 12 may be considered to relate to the remuneration of a member of the KMP for the Company, the Company will disregard all votes cast in favour of Resolution 12 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy.

Resolution 13

The Company will disregard any votes cast in favour of this Resolution by and on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person (those persons).

However, the company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with ASX Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2019 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditor's report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7245, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: www.rotogro.com or via the Companies announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

Noting that each member of the Key Management Personnel ('KMP') has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each member of the KMP (or any Closely Related Party of a KMP) is excluded from voting their shares on this resolution, the Directors unanimously recommend that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 2: Re-election of Mr Michael Carli as a Director of the Company

Background

The Constitution of the Company requires that at every Annual General Meeting, one third of Directors (excluding the Managing Director) shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Michael Carli, being eligible, offers himself for re-election.

Mr Michael Carli was appointed as a Non-Executive Director of the Company on 18 August 2016.

Mr Carli is a highly experienced lawyer specialising in corporate, commercial and intellectual property law with more than 30 years of experience.

Mr Carli is currently a Director of Easter Seals Ontario, a charity assisting children with physical disability, and was previously the Chairman of Villanova College, a private secondary school in Ontario.

He holds a Bachelor of Arts degree from York University and a Juris Doctor degree from the University of Western Ontario Faculty of Law.

Board Recommendation

The Board (with Mr Michael Carli abstaining), recommends that shareholders vote in favour of the re-election of Mr Michael Carli as a Director of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Michael Carli's re-election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Election of Mr Terry Gardiner as a Director of the Company

Background

Mr Terry Gardiner was appointed as a Non-Executive Director on 30 June 2019 as a casual vacancy and is eligible for election under the Company's Constitution.

Mr Gardiner has over twenty years of extensive experience in capital markets, stockbroking and derivatives trading.

Mr Gardiner is currently a Director of Barclay Wells Limited and a Non-Executive Director of Cazaly Resources Limited (ASX:CAZ) and Galan Lithium Limited (ASX:GLN).

Directors Recommendation

The Board (with Mr Terry Gardiner abstaining), recommends that shareholders vote in favour of the election of Mr Terry Gardiner as a Director of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Terry Gardiner's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 4: Election of Mr James Myers as a Director of the Company

Background

Mr James Myers was appointed as a Non-Executive Director on 30 June 2019 as a casual vacancy and is eligible for election under the Company's Constitution.

Mr Myers has extensive experience in financial services, especially in equity advisory, funds management and corporate finance.

Mr Myers is currently an Associate Director with Baker Young Stockbrokers.

Directors Recommendation

The Board (with Mr James Myers abstaining), recommends that shareholders vote in favour of the election of Mr James Myers as a Director of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of Mr James Myers' election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 5: Election of Mr Michael Di Tommaso as a Director of the Company

Background

Mr Michael Di Tommaso was appointed as an Executive Director on 30 June 2019 as a casual vacancy and is eligible for election under the Company's Constitution.

Mr Di Tommaso is an Executive specialising in Canada's evolving Cannabis legislation with hands on experience in contractual, legal and regulatory compliance for lawful cannabis licensing.

Mr Di Tommaso holds a Bachelor of Arts degree in Criminal Justice and a Juris Doctor degree from the University of Ottawa Faculty of Law.

Directors Recommendation

The Board (with Mr Michael Di Tommaso abstaining), recommends that shareholders vote in favour of the election of Mr Michael Di Tommaso as a Director of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Michael Di Tommaso's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 6: Issue of Broker Options

Background

The Company has agreed to issue 8,000,000 Options (exercisable at \$0.3225 and expiring 2 years from issue) to the following parties for broker and investor relations services rendered.

Persons	Number of Options
MAPD Nominees Pty Ltd	2,450,000
Melshare Nominees Pty Ltd	1,500,000
Fosters Stockbroking Nominees Pty Ltd <No. 1 Account>	1,000,000
Asenna Wealth Solutions Pty Ltd	300,000
Barclay Wells Ltd	225,000
Barclay Wells Ltd <Nominee A/C>	525,000
ECA Securities Pty Ltd	2,000,000
	8,000,000

Resolution 6 seeks Shareholder approval for the issue of Broker Options to the afore-mentioned persons.

Information required by Listing Rules 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of securities to be issued is 8,000,000 Options.
- (b) The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same date.
- (c) The Options will be issued in consideration for services provided in conjunction with broker and investor relations services.
- (d) The Options will be issued to the parties outlined in the table above, or their nominees, who are not related parties of the Company.
- (e) The terms of the Options are set out in **Annexure A**.
- (f) No funds will be raised under the issue.
- (g) A voting exclusion statement is included in the Notice.

Directors Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6, as this will allow the Company to comply with its obligations under its mandates with all the brokers and it will also allow the Company to issue further securities without Shareholder approval.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 7: Approval to Issue Options to a Related Party

Background

Resolution 7 seeks shareholder approval for the issue of 650,000 Options to Mr James Gallant and Ms Sherry Gallant, as part of the Employee Incentive Scheme.

As at 9 October 2019, Mr James Gallant and Ms Sherry Gallant respectively held 2,500,000 and 7,588,500 Ordinary Shares in the Company, representing 1.9% and 5.7% of the issued share capital of the Company.

ASX Listing Rule Requirements

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities to any of the following without the approval of holders of ordinary securities:

- (i) a related party; or
- (ii) a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

Mr James Gallant and Ms Sherry Gallant are deemed by ASX to be persons within the meaning of paragraph (ii) above.

Information required by Listing Rule 10.11

- (a) The maximum number of securities to be issued to is 650,000 Options.
- (b) The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The options are issued as part of the Company's Employee Share Option Plan.
- (d) The options are to be issued to Mr James Gallant and Ms Sherry Gallant (or their nominees) and they are considered to be related parties under Listing Rule 10.1 as they were parties (part of the vendors group) to the Roto-Gro Inc acquisition, an entity acquired through Roto-Gro World Wide (Canada) Inc (a wholly-owned subsidiary of Roto-Gro International Limited) on 6 August 2018.
- (e) The terms of the Options are outlined in **Appendix B**.
- (f) Issue price is nil.
- (g) No funds will be raised under the issue.
- (h) A voting exclusion statement is included in the Notice.

Directors Recommendation

The Board recommends that shareholders vote in favour of Resolution 7. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 8: Issue Shares to Bletchley Park Capital

Background

Resolution 8 seeks shareholder approval for the issue of 218,605 shares to Bletchley Park Capital as consideration for corporate advisory services.

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of securities to be issued to Bletchley Park Capital is 218,605 Shares.
- (b) The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The Shares will be issued as consideration for corporate advisory services and for nil cash consideration. The deemed issue price for accounting purposes is \$0.215 per Share.
- (d) The Shares are to be issued to Bletchley Park Capital (or their nominees), who are unrelated parties.
- (e) The securities to be issued are fully paid ordinary shares that rank equally with existing Shares on issue.
- (f) No funds will be raised under the issue, as the Shares are being issued to Bletchley Park Capital for the provision of Market Analysis, Research and Strategy Services.
- (g) A voting exclusion statement is included in the Notice.

Directors Recommendation

The Board recommends that shareholders vote in favour of Resolution 8. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 9: Approval to Issue Consideration Shares

Background

The Company announced in October 2019 that it had executed a Binding Agreement (**Agreement**) to acquire (**Acquisition**) 51% of the share capital of Medicinal Compassion Canni Farms Inc (**MCCF**) from its current shareholders (**MCCF Vendors**). MCCF is a private company incorporated under the *Ontario Business Corporations Act* and has as principal activities the production and distribution of cannabis products in Canada, as regulated by Canada's Cannabis Act.

The total consideration payable to the MCCF share vendors is CAD 6,100,000 by the issuance of 30,000,000 fully paid ordinary shares in the Company (**Consideration Shares**) and CAD 100,000 in cash.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the company on issue at the commencement of that twelve (12) month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The issue of the shares described above will, as a consequence, require the approval of the Company's shareholders. The acquisition is conditional on that shareholder approval being obtained. The Notice of Meeting and this Explanatory Statement are intended to provide shareholders with information relevant to their decision as to how to vote on the resolution, together with certain information required to be provided to shareholders under the Listing Rules.

Under the Agreement, and subject to the satisfaction or waiver of any other conditions precedent, Completion will take place and the Consideration Shares will be issued within 3 months of the resolution set out in the Notice of Meeting being passed by shareholders.

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of securities to be issued to MCCF Vendors is 30,000,000 Shares.
- (b) The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The Shares will be issued as part consideration for the acquisition of 51% of MCCF and for nil cash consideration. The deemed issue price for accounting purposes is CAD 0.225 per Share.
- (d) The Shares are to be issued to Lori-Ann Bolton, Violet McDoughall and Kelland Zastowny (or their nominees), who are unrelated parties.
- (e) The securities to be issued are fully paid ordinary shares that rank equally with existing Shares on issue.
- (f) No funds will be raised through the issue of the Consideration Shares, which are to be issued as consideration for the acquisition; and
- (g) A voting exclusion statement is included in the Notice.

Directors Recommendation

The Board recommends that shareholders vote in favour of Resolution 9. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 10: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue of Shares made on or about 3 May 2019 of 16,659,380 fully paid ordinary shares to institutional and sophisticated investors, in accordance with the ASX announcement dated 2 May 2019.

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If the resolution is approved, the prior issue of the 16,659,380 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of Resolution 10 counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) The number of shares issued and allotted was 16,659,380 fully paid ordinary shares in the Company;
- (b) The shares were issued at an issue price of \$0.215 (21.5 cents) each;
- (c) The securities issued rank *pari pasu* with all existing securities of their class;
- (d) The shares were allotted and issued to institutional and sophisticated investors; and
- (e) Funds raised from the placement were used to fast-track expansion of the research and development facility in Caledon, Ontario, Canada to cater for three additional grow rooms in support of the Company's perishable food joint ventures as well as complete the engineering design of the automated harvesting for the Company's perishable food hydroponic gardens and on-going working capital.
- (f) Funds raised through this issue was \$3,581,767; and
- (g) A voting exclusion statement is included in the Notice.

Director Recommendations

The Board recommends that shareholders vote in favour of Resolution 10. The Chair of the meeting intends to vote undirected proxies in favour of the prior share issue.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 11: Ratification of Prior Issue of Shares to Spark Plus (Australia) Pty Ltd

Background

The Company is seeking shareholder approval to ratify the issue of Shares made on 17 September 2019 of 50,000 fully paid ordinary shares to Spark Plus (Australia) Pty Ltd for services rendered in relation a Sponsorship Agreement signed between the Company and Spark Plus (Australia) Pty Ltd on 23 August 2019.

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If the resolution is approved, the prior issue of the 50,000 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of Resolution 11 counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) The number of shares issued and allotted was 50,000 fully paid ordinary shares in the Company;
- (b) The shares were issued at an issue price of \$0.18 (18 cents) each;
- (c) The securities issued rank *pari pasu* with all existing securities of their class;

- (d) The shares were allotted and issued to Sparks Plus (Australia) Pty Ltd for nil consideration for the provision of sponsorship services which enabled the Company to gain exposure in Singapore and Hong Kong;
- (e) A voting exclusion statement is included in the Notice.

Director Recommendations

The Board recommends that shareholders vote in favour of Resolution 11. The Chair of the meeting intends to vote undirected proxies in favour of the prior share issue.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 12: Approval of Employee Incentive Plan

Background

In 2016, members approved the Employee Incentive Plan (**EIP**). The Board is committed to incentivising and retaining the Company's Directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The EIP is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2. A copy of the EIP will be provided without charge to members on request.

Approval of the EIP and any options to be issued pursuant to the EIP is sought pursuant to Listing Rule 7.2, Exception 9(b). Further details relating to Listing Rules requirements are set out below.

The EIP is intended to enable participants to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the options. A summary of the EIP is set out later in these Explanatory Notes.

Any issue of shares under the EIP to Directors, or their associates, will still require approval by members under Listing Rule 10.14.

ASX Listing Rules

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without prior obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 9(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the EIP have been approved by members within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this resolution in order for the Company to continue to be able to issue options pursuant to the EIP and have those options qualify under Listing Rule 7.2 exception 9 for a further 3 years from the date of approval.

The Board intends that the issue of options under the EIP continue to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking member re-approval of the EIP in order that the issue of shares pursuant to the EIP will continue to qualify as an exception to Listing Rule 7.1 under exception 9(b) to Listing Rule 7.2.

Information required for Listing Rule 7.2, exception 9(b)

Listing Rule 7.2, exception 9(b) requires the following information to be provided to members:

Securities already issued

Since the adoption of the EIP the Company has issued 16,200,000 securities under the EIP. A total of

250,000 options issued under the EIP have not been exercised and have therefore been cancelled, lapsed or expired since being issued. No options issued under the EIP have to date been exercised. Currently there are 15,950,000 securities on issue pursuant to the EIP.

Summary of Terms and Conditions of the Company's Employee Incentive Plan

- the EIP sets out the framework for the offer of Shares, Options or Performance Rights by the Company, and is typical for a document of this nature;
- in making its decision to issue Shares, Options or Performance Rights, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has broad flexibility to issue Shares, Options or Performance Rights having regard to a range of potential vesting criteria and conditions;
- Where a participant ceases to be an employee of the Company, that participant's Awards will continue to be held by the participant (or by his or her estate as representative) and continue to be subject to these Rules except that any continuous service condition will be deemed to have been waived. However, prior to or within 60 days after a participant ceases to be an employee of the Company, the Board has the discretion to modify the vesting conditions of that person;
- if a participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may determine that any unvested Performance Rights or Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- in certain circumstances, Shares, Performance Rights or Options can vest early (at a pro-rata basis), including following a change of control or other events of a similar nature. For the purposes of this rule, a relevant control event occurs in a number of scenarios in which a third party make a takeover bid for the Company or if a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company.
- the total number of Shares that would be issued were each Option, Performance Right and Share under the EIP exercised or vested (as applicable), plus the number of Shares issued in the previous three years under the EIP, must not, at any time, exceed 5% of the total number of Company Shares on issue as at the time of the invitation or offer. Shares issued under the EIP will rank equally in all respects with other Shares and the Company must apply for the quotation of such Shares;
- the Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares;
- the Board is granted a certain level of discretion under the EIP, including the power to amend the rules under which the EIP is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

Directors Recommendations

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the EIP.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 12.

Voting Exclusions

For voting exclusions refer to Note 6.

Resolution 13: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to increase work on its current assets and reviewing new potential opportunities and investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to acquire new assets or investments, to conduct further work on its current projects or to meet additional working capital requirements.

Resolution 13 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and Unlisted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D)–E

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (B) plus the number of partly paid shares that became fully paid in the 12 months;
 - (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of The Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 13 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 13 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 13 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). Shareholders may be exposed to economic risk and voting dilution, including the following:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 10 October 2019 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.078 50% decrease in Issue Price	\$0.155 Issue Price	\$0.310 100% increase in Issue Price
Current Variable A 129,925,881 Shares	10% Voting Dilution	12,992,588 Shares		
	Funds raised	\$1,006,926	\$2,013,851	\$4,027,702
50% increase in current Variable A 194,888,822 Shares	10% Voting Dilution	19,488,882 Shares		
	Funds raised	\$1,510,388	\$3,020,777	\$6,041,553
100% increase in current Variable A 259,851,762 Shares	10% Voting Dilution	25,985,176 Shares		
	Funds raised	\$2,013,851	\$4,027,702	\$8,055,405

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.

- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The Current Share Price is **\$0.155** (15.5 cents), being the closing price of the Shares on ASX on **10 October 2019**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 13 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued research and development on the Company's current assets and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility may include the vendors of the new assets or investments.

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

Information under Listing Rule 7.3A.6(a):

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12-month period.

Equity securities on issue 12 months preceding the date of the meeting	128,986,501
Equity securities issued in the prior 12-month period	65,512,100
Percentage previous issues represent of total number of equity securities on issue at commencement of 12-month period	50.79%

See Annexure C details of issues of all equity securities made in the previous 12 months.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 13. The Chairman will vote undirected proxies in favour of Resolution 13.

Voting Exclusions

For voting exclusions refer to Note 6.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 13;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 13;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2019;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Roto-Gro International Limited ACN 606 066 059;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Security**” means a security of the Company which is convertible into shares;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Entity**” means Roto-Gro International Limited ACN 606 066 059;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Statement**” means the explanatory statement which forms part of this Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Section**” means a section of the Explanatory Statement;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“**VWAP**” means volume weighted average price.

ANNEXURE A – TERMS OF OPTIONS

The terms of the Options are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (Share) upon exercise of the Option.

(b) Exercise Price and Expiry Date

The Options have an exercise price of \$0.3225 per Option (Exercise Price) and an expiry date of 5:00pm (Melbourne Time) on the date that is two (2) years from the date of issue of the Options (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(d) Quotation of the Options

The Options will be unquoted.

(e) Transferability of the Options

The Options are not transferable, except with the prior written approval of the Company.

(f) Notice of Exercise

The Options may be exercised 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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(g) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

(h) Shares Issued on Exercise

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

(i) Quotation and timing of Issue of Shares

Within 20 days after receiving a Notice of Exercise, 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) apply for official quotation on ASX of the Shares issued pursuant to the exercise of the Options.

(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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record

date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(k) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(l) Adjustment for Entitlements Issue If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 12 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

(m) Adjustments for Reorganisation If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

ANNEXURE B – TERMS OF OPTIONS

The terms of the Options are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (Share) upon exercise of the Option.

(b) Expiry Date

The Options have an expiry date of 5:00pm (Melbourne Time) on the date that is two (2) years from the date of issue of the Options (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(d) Quotation of the Options

The Options will be unquoted.

(e) Transferability of the Options

The Options are not transferable, except with the prior written approval of the Company.

(f) Notice of Exercise

The Options may be exercised 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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(g) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

(h) Shares Issued on Exercise

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

(i) Quotation and timing of Issue of Shares

Within 20 days after receiving a Notice of Exercise, 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) apply for official quotation on ASX of the Shares issued pursuant to the exercise of the Options.

(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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options

the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (k) Adjustment for Entitlements Issue If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 12 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.
- (l) Adjustments for Reorganisation If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

ANNEXURE C

CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Premium / (Discount) to close price on issue date	Total Consideration	Use of Consideration
3 May 2019	16,659,380	FPO	FPO	Placement as announced on 24 April 2019	Institutional and sophisticated investors	\$0.215	\$0.020	\$3,581,767	To fast-track expansion of the research and development facility in Caledon, Ontario, Canada to cater for three additional grow rooms in support of the Company's perishable food joint ventures, to complete the engineering design of the automated harvesting of the Company's perishable food hydroponic gardens and for working capital.
Total								\$3,581,767	

NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Deemed Price	Premium / (Discount) to close price on issue date	Deemed Value	Use of Consideration
7 Dec 2018	2,430,000	FPO	FPO	Issue of shares in relation to acquisition of Supra THC Services Inc.	Vendors and intermediary and introductory parties	\$0.50	\$0.105	\$1,215,000	N/A
28 Feb 2019	5,000,000	PS	Note 1	Final consideration for GFS's acquisition of the fertigation assets and ongoing contracts (Fertigation Business) of Hanson's Water Treatment Inc. (Hanson) as detailed in Resolution 11 of the notice of annual general meeting announced 30 January 2019 (AGM).	Vendor	\$0.38	\$0.115	\$1,900,000	N/A
28 Mar 2019	10,000,000	FPO	FPO	Issue of shares for the acquisition of Roto-Gro Inc and its subsidiaries as detailed in Resolution 5 of the notice of AGM announced 30 January 2019	Perishable Vendors	\$0.24	-	\$2,400,000	N/A
28 Mar 2019	18,372,720	PS	Note 2	Issue of Performance Shares for the acquisition of Roto-Gro Inc and its subsidiaries as detailed in Resolution 5 of the notice of AGM announced 30 January 2019	Perishable Vendors	\$0.24	-	\$4,409,453	N/A
15 Aug 2019	2,500,000	OPT	Note 3	Issue of options as part of remuneration package for the CEO pursuant to the employment agreement and pursuant to terms and conditions of the Company's EIP.	Adam Clode	\$0.43	\$0.250	\$1,075,000	N/A

NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Deemed Price	Premium /(Discount) to close price on issue date	Total Consideration	Use of Consideration
15 Aug 2019	2,500,000	OPT	Note 4	Issue of options as part of remuneration package for the CEO pursuant to the employment agreement and pursuant to terms and conditions of the Company's EIP.	Adam Clode	\$0.43	\$0.250	\$1,075,000	N/A
15 Aug 2019	8,000,000	PR	Note 5	Issue of CEO Performance Rights (Class A to Class F) as part of remuneration package for the CEO pursuant to the employment agreement and pursuant to terms and conditions of the Company's EIP.	Adam Clode	\$0.18	-	\$1,440,000	N/A
17 Sep 2019	50,000	FPO	FPO	Issue of Shares in accordance with the terms and conditions of an Event Sponsorship Agreement.	Spark Plus (Australia) Ltd	\$0.18	\$0.02	\$9,000	N/A
Total								\$13,523,453	

Glossary

<i>FPO</i>	<i>Fully Paid Ordinary Shares</i>
<i>OPT</i>	<i>Options</i>
<i>PS</i>	<i>Performance Shares</i>

Notes

<i>Note 1</i>	Class A Hanson - 1,000,000 Performance Shares convert to 1,000,000 ordinary fully paid shares (Shares) upon Global Fertigation Systems Inc (GFS) achieving AUD\$2,000,000 EBITDA by 2 July 2020; Class B Hanson - 1,000,000 Performance Shares convert to 1,000,000 Shares upon GFS achieving AUD \$4,000,000 EBITDA by 2 July 2021; Class C Hanson - 1,000,000 Performance Shares convert to 1,000,000 Shares upon GFS achieving AUD \$6,000,000 EBITDA by 2 July 2022; Class D Hanson - 2,000,000 Performance Shares convert to 2,000,000 Shares upon GFS achieving AUD \$10,000,000 EBITDA by 2 July 2023.
<i>Note 2</i>	Class A Roto-Gro Inc - 9,186,360 Performance Shares convert to 9,186,360 Ordinary Shares when the Company has generated C\$5,000,000 in audited cumulated revenue derived from the sale of Roto-Gro machines for any purpose other than for use and distribution to medical cannabis or medical marijuana producers, distributors within 18 months after completion. Class B Roto-Gro Inc - 9,186,360 Performance Shares convert to 9,186,360 Ordinary Shares when the Company has generated C\$10,000,000 in audited cumulated revenue derived from the sale of Roto-Gro machines for any purpose other than for use and distribution to medical cannabis or medical marijuana producers, distributors within 30 months after completion.
<i>Note 3</i>	2,500,000 options exercisable at \$0.3225 on or before 15 August 2021
<i>Note 4</i>	2,500,000 options exercisable at \$0.43 on or before 15 August 2022
<i>Note 5</i>	The CEO Performance Rights will convert into shares on a one for one basis, upon the achievement of the following milestones: 1,000,000 Class A CEO Performance Rights - vesting on A\$5,000,000 in cumulative contracted new sales and existing revenues &/or royalties; derived from all subsidiaries between the date of this Agreement and 31 December 2020; 1,000,000 Class B CEO Performance Rights - vesting on A\$10,000,000 in cumulative contracted new sales and existing revenues &/or royalties; derived from all subsidiaries between the date of this Agreement and 31 December 2021; 2,000,000 Class C CEO Performance Rights - vesting on A\$20,000,000 in cumulative contracted new sales and existing revenues &/or royalties; derived from all subsidiaries between the date of this Agreement and 31 December 2022; 1,000,000 Class D CEO Performance Rights - vesting on finalisation of the Company's first joint venture perishable food / fresh produce agreement leading to first orders of no less than 100 8' Hydroponic Rotational Garden and future equity distribution or royalty payments between the date of this Agreement and 31 December 2020 1,000,000 Class E CEO Performance Rights - vesting on acquisition of an industry synergistic opportunity or strategic partnership in a related market which includes, perishable food, lawful cannabis, pharmaceutical, nutraceutical, growing management services, nutrients, tissue culture (micropropagation) or other supporting faculty of hydroponic growing between the date of this Agreement and 31 December 2021; and 2,000,000 Class F CEO Performance Rights - vesting on development of the first lawful cannabis production facility owned by the Company (or an entity such as a partnership or joint venture of which the Company owns no less than 50% of interest) leading to first revenues of the partnership or joint venture from the sale of lawful cannabis between the date of this Agreement and 31 December 2022 of no less than A\$10,000,000.
<i>Note 6</i>	Out of the \$3.5 million received from the proceeds of issue of shares, \$0.5 million was utilised for working capital needs and for share issue transaction costs. Remaining balance from the capital raising stood at \$3 million as at 30 June 2019.



ROTOGRO

Roto-Gro International Limited
ABN 84 606 066 059

LODGE YOUR VOTE



ONLINE
www.linkmarketservices.com.au



BY MAIL
Roto-Gro International Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX
+61 2 9287 0309



BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **1:00pm (AEDT) on Wednesday, 27 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Roto-Gro International Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (AEDT) on Friday, 29 November 2019 at the Institute of Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne, VIC 3000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 & 12: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 12, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval to Issue Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Michael Carli as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Terry Gardiner as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Ratification of Prior Issue of Shares to Spark Plus (Australia) Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Mr James Myers as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Election of Mr Michael Di Tommaso as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval to Issue Options to a Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval to issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

RGI PRX1902D

