



ROTOGRO

ASX Release

23 October 2020

Canniberia \$1.9M Technology Purchase Order Clarification

Further to the announcement lodged by Roto-Gro International Limited (“ASX:RGI”, “RotoGro” or the “Company”), with the ASX on Tuesday, 20 October 2020 regarding the CAD 1.9M (equivalent to AUD 2.03M) Purchase and Sale Agreement (the “Agreement”) executed between the Company’s wholly owned subsidiary Roto-Gro World Wide (Canada) Inc. (“RGWW”) and Canniberia LDA (“Canniberia”), the Company would like to provide the following additional information in respect of the Agreement.

Pre-Licence Approval

Canniberia has advised the Company that its application for a pre-approval licence for a lawful cannabis cultivation licence (the “Pre-Licence”) is in the final stages of completion and is expected to be submitted to Infarmed, I.P. (“Infarmed”) by 31 October 2020. The grant of the Pre-Licence is a condition precedent to the Agreement. The following items must be provided by Canniberia to Infarmed to complete the application for the Pre-Licence:

1. an identification of the likely stages of development of the Canniberia cultivation facility (the “Facility”), including forecasts of dates, the source of required products and the location of the Facility;
2. an estimation of the likely quantity of each variety of plant to be cultivated at the Facility, along with an estimation of the likely quantity of product to be produced at the Facility, the application of the product(s) and the expected destination of the product(s);
3. a description of the techniques used in each stage of cultivation at the Facility;
4. a detailed floorplan of the Facility, with a clear indication of the different areas to be used for cultivation; and
5. an indicative timetable for the medicinal cannabis harvest cultivation at the Facility.

Where such information relates to the Company’s proprietary Model 420IT Rotational Garden Systems (the “Garden Systems”) to be installed at the Facility, the Company will cooperate with Canniberia to provide such information to Infarmed in a timely manner.

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Chief Financial Officer

Melanie Leydin

Company Secretary

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It is expected that Infarmed will formally issue the Pre-Licence to Canniberia within 30 days after submission of its completed application.

Upon the grant of the Pre-Licence, Canniberia will be permitted to commence build-out and preparation of the Facility for the cultivation of medicinal cannabis, as well as to commence commercial cultivation operations. Within 6 months of the date of the grant of the Pre-Licence, Canniberia must schedule an audit of the Facility by Infarmed for the purpose of obtaining a final lawful cannabis cultivation licence (the “**Full Licence**”). Once scheduled, it is anticipated that such audit and the corresponding grant of the Full Licence will take 30 days to complete. The principle compliance requirements of such audit are to confirm that Canniberia’s operations conform to the Infarmed-approved written procedures relating to the activities carried out by the licensed entity, namely:

- (i) receipt and storage of controlled substances;
- (ii) plant cultivation and harvesting processes;
- (iii) product traceability records; and
- (iv) facility security.

Infarmed’s grant of the Full Licence is conditional on a physical inspection (audit) to ensure the Facility is operating in accordance with the documents submitted to Infarmed and the resulting approved Pre-Licence.

Key Commercial Terms of Agreement and Indicative Timetable of Pre-Licence

The Agreement includes a technology purchase order for RotoGro’s Garden Systems, to be delivered in two separate orders totalling CAD 1.904 million (equivalent to AUD 2.035) (“**Purchase Price**”). The first order, comprising 72 Garden Systems and 1 RotoGo Fertigation System (“**First Order**”) is to be made by Canniberia within 14 days of the grant of the Pre-Licence and the second order, comprising 72 Garden Systems (“**Second Order**”), is to be made by Canniberia within 9 months of the grant of the Pre-Licence.

The Purchase Price is to be paid by Canniberia to RGI in 4 instalments as follows:

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1. the first instalment of CAD 519,500.00 (equivalent to AUD 556,500.00), plus applicable taxes, is due within 5 days of the First Order being made;
2. the balance of the Purchase Price is payable in 3 instalments:
 - a. commencing 30 days before the date on which the First Order Garden Systems are made available for shipping to Canniberia;
 - b. 5 days after the date of the Second Order being made; and,
 - c. 5 days after the date on which the Second Order Garden Systems are made available for shipping to Canniberia.

Upon the grant of the Pre-Licence, Canniberia will also commence preparations at the Facility for receiving the 72 Garden Systems comprising the First Order and initial phase of the build out of the Facility.

In addition to the grant of the Pre-Licence, the Agreement is also conditional upon the parties executing a Growing Management Services Agreement under which the Company and RGWW will provide Canniberia employees and representatives with relevant training to operate the Garden Systems.

An indicative timetable of the Pre-Licence and Full Licence approval process is set out below:

Event	Date*
Canniberia submits application for Pre-Licence	By 31 October 2020
Infarmed grants Pre-Licence	By 30 November 2020
Full Licence** audit scheduled	By 31 May 2021
Full Licence** issued to Canniberia	By 30 June 2021

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*The above timetable is indicative only and the dates remain subject to change without notice

**The granting of the Full Licence is not a condition precedent to the Agreement

About Infarmed, I.P.

Infarmed is a Portuguese Government agency that acts as the National Authority for Medicines and Health Products. Infarmed a division of the Health Ministry in Portugal that evaluates, authorises, regulates and controls human medicines and health products, including medical devises and cosmetics. Infarmed aims to ensure the quality, safety and efficacy of medicines and the quality, safety and performance of health products in Portugal and regulates and supervises medicinal and health products, from a research stage to their use by healthcare professionals and their patients.

Infarmed operates at both a national and European level, and acts as Portugal's Official Medicines Control Laboratory, being the national competent authority of medicines and health products.

Infarmed's primary activities include:

1. Research, evaluation, and authorisation of medicines
2. Monitoring good clinical practices in clinical trials
3. Research, assessment, registration, monitoring and supervision of health products
4. Licensing and inspection of pharmaceutical activities
5. Licensing, auditing and inspection of manufacturers, wholesalers and pharmacies

--ENDS--

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

For more information please contact:

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About Roto-Gro International Limited

Roto-Gro International Limited is an Australian-based company with global operations focused on the cultivation of lawful cannabis and perishable food (produce) which take advantage of its proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space.

The Company has collaborated with Gibio Inc. and Freshero Pty Ltd for perishable foods. These ventures leverage RotoGro's patented rotational hydroponic garden systems, crop management fertigation hardware and proprietary software systems to produce greater yields and lower operating costs. In addition, the Company has also entered into a Share Purchase Agreement to acquire 51% of the issued and outstanding shares in the capital stock of Medical Compassion Canni Farms Inc. which is a late stage Health Canada cannabis cultivation and processing license applicant.

RotoGro's also provides a patent-pending specialised business line for water treatment and nutrient management in the viticulture, perishable foods and lawful cannabis space. The fertigation business line has successfully provided design solutions, installations and service contracts for licensed lawful cannabis facilities in the State of Nevada, USA and is embarking on expanding this offering globally.

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

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