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ASX Release
30 October 2020

Quarterly Activities Report for the Period Ended September 30, 2020

Roto-Gro International Limited (ASX:RGI) ("**RotoGro**" or the "**Company**") is pleased to provide its quarterly activities report for the period ended September 30, 2020.

Quarter Highlights

- The Company maintains robust COVID protocols and systems to ensure the health and safety of its employees and stakeholders
- The Company maintains its approach to low capital partnerships and synergistic acquisitions with a view to establishing itself as a leading cultivator of lawful cannabis and perishable foods
- Post quarter end, the Company's wholly owned subsidiary Roto-Gro World Wide (Canada) Inc. executed a Purchase and Sale Agreement with Portuguese company Canniberia LDA which includes a CAD $1.9M (AU $2.035M) technology purchase order for RotoGro's Patented and Proprietary Rotational Hydroponic Garden and Plant Nutrient Management Systems
- Post quarter end, the Company executed a term sheet for a Technology License Agreement with Verity Greens Inc., pertaining to a technology and patent license for use in the cultivation of perishable foods, with global exclusivity based on a right of first refusal
- The Company awaits the grant to Medicinal Compassion CanniFarms Inc. ("**MCCF**") by Health Canada of a lawful cannabis cultivation license following which the Company will call an EGM for shareholder approval and ratification of the consideration securities to be issued to MCCF as part of the share acquisition

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Operational Update Regarding COVID-19 Pandemic

The novel coronavirus pandemic ("**COVID-19**") has impacted our way of life, health and the global economy at large. RotoGro's business, like many others, has had to adapt to the new normal as the international response to COVID-19 continues to evolve. The Company has in place a robust set of protocols and systems to ensure the health and safety of its employees and stakeholders. The Company's plan in response to COVID-19 has been fluid and in compliance with governmental ordinances and guidelines and are reviewed periodically as the impacts of the COVID-19 pandemic continue to unfold.

Operational Overview

The Company remains focussed on establishing itself as a leading cultivator of lawful cannabis and perishable foods. The Company's approach to low capital partnerships and synergistic acquisitions remains steadfast as it collaborates with customers and partners to find the optimal path to roll out commercial operations during these uncertain times.

Post quarter end, the Company executed a term sheet for a Technology License Agreement with Verity Greens Inc. ("**Verity Greens**" or "**Verity**"), pertaining to a technology and patent license for use in the cultivation of perishable foods, with global exclusivity based on a right of first refusal.

The Term Sheet provides for technology sales and annual licensing fees, consistent with the Company's strategy which embraces less capital-intensive business partnerships and collaborations. The Company is adamant that this strategy provides it with the optimal path to roll out its commercial operations in the global indoor urban vertical farming space. Thorough financial modelling shows that the estimated capital required to build a commercial scale indoor vertical farm complete with downstream processing, packing and storage is approximately AUD $30M per facility.

Verity Greens has advised the Company that it plans to develop its first indoor urban vertical farming operation outfitted with RotoGro's patented and proprietary technology within the next 18 months.

The Company awaits the grant by Health Canada of MCCF's licence to cultivate lawful cannabis. COVID-19 has resulted in delays to Health Canada's granting of cultivation licences. The Company has been advised that the principals of MCCF have maintained a continuous dialogue with Health Canada

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and its licence review is progressing. Upon the grant by Health Canada of MCCF's lawful cannabis cultivation license, the Company will call an EGM for shareholder approval and ratification of the relevant consideration securities forming part of the Company's acquisition of 51% of the issued common shares in the capital stock of MCCF.

Production and Sales Pipeline

The Company continues to develop the existing sales pipeline for both lawful cannabis and perishable foods. However, the adverse impact of the COVID-19 pandemic on the flow of goods and commerce arising from the unprecedented border closures and travel restrictions has resulted in numerous sales leads being put on hold. The Company is focussed on maintaining healthy commercial relationships with prospective customers as the COVID-19 pandemic continue to unfold.

The Company has several proposed technology sale and purchase agreements currently with customers for review, along with numerous new sales leads into the United States of America, the United Kingdom and Europe. Although these leads are highly prospective, it is not guaranteed these proposals will convert into sales orders and growing management contracts. Nonetheless, the Company is optimistic about converting these proposed transactions into sales as the Company continues to work diligently with new and existing customers at varying stages of their development.

Post quarter end, the Company executed a Purchase and Sale Agreement with Canniberia LDA ("**Canniberia**") which includes a $1.9M technology purchase order for RotoGro's Patented and Proprietary Rotational Hydroponic Garden and Plant Nutrient Management Systems.

Canniberia operates from three production buildings located in the city of Moura, in the District of Beja, Portugal and plans to establish itself as a large-scale European cultivator of high-quality medicinal cannabis products. The first Canniberia facility will be built out as a state-of-the-art cannabis cultivation hub, outfitted with RotoGro's Model 420IT Rotational Garden Systems (the "**RotoGro 420IT**") together with RotoGro's supporting technology and infrastructure, including RotoGro's proprietary Plant Nutrient Delivery System.

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Research & Development

During the quarter, RotoGro's research and development team have been working on substrate optimization trials for the 710IT Rotational Hydroponic Garden (the "**RotoGro 710IT**"). The RotoGro 710IT allows for cultivation in various growing mediums (a growing medium, also referred to as a substrate, is the material in which plants are cultivated which supply the nutrients, air, and water necessary for optimal root growth, and which provide physical support to the plant). However, each growing medium has different feeding and nutrient requirements. The results of the Company's substrate optimization trials will identify substrate options for our customers' operational needs. In addition to such trials, RotoGro's research and development team are isolating stress tests for lettuce grown in soil. These stress tests encompass variable soil volumes in parallel with adjusted nutrient and water dosing to assess the impact on crop yields.

Along with perishable food research, the Company's research and development team are working with Canniberia to identify the optimal cannabis strains to fulfil the anticipated demand for consistently high yields and superior cannabinoid properties.

The next phase of research and testing will include stress tests of the automated feeding system for the fully automated facilities at the Company's operational facility in Bolton, Caledon Ontario (the "**RotoGro Facility**"), including crops in the Company's grow rooms.

Engineering Design & Innovation

During the quarter, the Company implemented the fully automated feed system for perishable foods solutions utilizing the RotoGro710IT in a dedicated growing room at the RotoGro Facility. In addition, the Company has commenced software development and coding to integrate the Automated Guided Vehicles used to load and unload the seedlings and crops to and from the RotoGro 710IT, delivering a comprehensive enterprise operational software solution.

The Company's engineering team are also working on schematics for the third-party outsourcing of design drawings for Verity Greens' first perishable food facility and initiated discussions for the full-

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scale manufacturing of RotoGro's proprietary LED lighting system for both the RotoGro 420IT and the RotoGro 710IT.

Administration

The Company previously issued and served a Statement of Claim for patent infringement against RavenQuest BioMed Inc. (CSE:RQB) ("**RavenQuest**"), George Robinson, and others. At the end of August 2020, counsel for each of RotoGro and the defendants attended a case management conference. At this conference, the parties could not discuss a settlement of the action because counsel for the defendants moved to withdraw themselves as counsel. The Company awaits notice from the Court regarding the rescheduling of the case management conference and will keep the market updated in accordance with the Company's continuous disclosure policy.

Related Party Transactions

Payments to related parties and their associates during the quarter, as outlined in Section 6 of the accompanying Appendix 4C to this quarterly activity report, were AU $53,000. These payments are related to the settlement of fees for Baker Young regarding corporate advisory and brokerage services, as well as executive director salaries.

Non-Executive Chairman, Michael Carli states, "Although the Company was challenged by the ongoing impact of the COVID-19 pandemic during the quarter, we are very pleased with our progress in this quarter. Most notably, we are encouraged by the recently executed $1.9M Purchase and Sale Agreement with Canniberia LDA and the executed Technology License Agreement with Verity Greens Inc.. Both of these agreements compliment the Company's strategy of generating sales revenue through new technology orders and support our approach to low capital collaborations, leading to long-term sustained revenue which drives shareholder value. I would like to thank the RotoGro team for their continued hard work and diligent approach to executing the Company's strategy during these unprecedented times."

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For more information please contact

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About Roto-Gro International Limited

Roto-Gro International Limited is an Australian-based company with 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 Freshero Pty Ltd and Verity Greens 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
ROTO-GRO INTERNATIONAL LTD	
ABN	**Quarter ended ("current quarter")**
84 606 066 059	**30 Sep 2020**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(30)	(30)
	(b) product manufacturing and operating costs	(1)	(1)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(84)	(84)
	(f) administration and corporate costs	(124)	(124)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	172	172
1.8	Other (provide details if material)	-	-
	- Business Development and consultants	(27)	(27)
	- Design & Innovation	(214)	(214)
	- Property & facilities	(49)	(49)
1.9	**Net cash from / (used in) operating activities**	**(357)**	**(357)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(38)	(38)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(38)**	**(38)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	251	251
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Lease repayments	(36)	(36)
3.10	**Net cash from / (used in) financing activities**	**215**	**215**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	346	346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(357)	(357)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(38)	(38)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	215	215
4.5	Effect of movement in exchange rates on cash held	(78)	(78)
4.6	**Cash and cash equivalents at end of period**	**88**	**88**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	88	346
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**88**	**346**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	53
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments relate to Executive management salaries and Baker Young for corporate advisory and brokerage services.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(357)
8.2	Cash and cash equivalents at quarter end (item 4.6)	88
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	88
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.25

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes – Although the Company has undertaken measures to reduce cash outflows as a result of the global Covid-19 pandemic the current number of staff and net operating cash flows are required as a minimum to ensure the Company can deliver on the board agreed business strategy to drive sustained revenue and shareholder value

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company secured a convertible note to the value of AUD $1.25M with options to defer and repay at maturity, which was approved by Shareholders at the Company's EGM held on Friday October 9, 2020. $0.25M of this was received in the September 2020 quarter, with the remaining $1M received in October 2020.

In addition, the Company have a number of alternatives to raise cash as and when appropriate, including raising additional equity in support of delivering on the Company's strategy or cultivation and partnerships.

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8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis that it expects to be able to secure funding as described in the answer to Question 2 above and deliver on securing near term partnerships and sales orders.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....30 October 2020.....

Authorised by: .....The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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