



ROTOGRO

4 May 2022

Vanessa Nevjestic
ASX Compliance Pty Limited
Level 40 Central Park
152-158 St George's Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Vanessa

Response to General – Aware Query

We refer to your letter dated 28 April 2022 (**Aware Query**). Capitalised terms in the Aware Query have the same meaning in this correspondence.

RGI provides the following responses to the Aware Query:

- 1. Does RGI consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes. RGI previously executed a Technology Licence Agreement contracting for use of its Intellectual Property Rights based on a Right of First Refusal, amongst other things, as previously announced on December 2, 2020, and subsequently referred to thereafter.

Given that the terms of that announcement and all subsequent announcements were previously lodged as price sensitive, the Company deemed it appropriate that updating the market on the notice provided by Verity Greens was necessary and also warranted a price sensitive indication.

- 2. If the answer to question 1 is “no”, please advise the basis for that view.**

N/A.

- 3. When did RGI first become aware of the Information?**

Registered and Business Office

Level 5, 126 Philip Street
Sydney NSW 2000
T: 61 2 8072 1400
E: info@rotogro.com

Directors

Michael Carli (Non-Executive Chairman)
Michael Di Tommaso (Executive Director)
Terry Gardiner (Non-Executive Director)
Peter Hatfull (Non-Executive Director)

Chief Financial Officer

Karla Mallon

Company Secretary

Andrew Palfreyman





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Verity Greens notified RGI on April 14, 2022 Eastern Time. This was Friday April 15, 2022 at 12:30am Perth time and April 15, 2022 at 2:30am Sydney time. Both Friday April 15, 2022 and April 18, 2022 were statutory holidays.

- 4. If the answer to question 1 is “yes” and RGI first became aware of the Information before the Relevant Date, did RGI make any announcement prior to the Relevant Date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe RGI was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps RGI took to ensure that the Information was released promptly and without delay.**

The Company notes that it was suspended from the official list of ASX at all relevant times. The Company’s draft announcement was considered by the Board on Tuesday, April 19. Given the current position of the Company and the everchanging situation concerning appointing an Australian resident director, a potential capital raise led by EverBlu, its liaising with ASX regarding steps required to be removed from its existing suspension status, and its current market position given this suspension, the Company deemed it appropriate to update the market in a broader manner, which included the Verity Greens update and notice. As such, the Company diligently drafted this announcement and released to the market as soon as reasonably practicable.

- 5. Please confirm that RGI is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

Confirmed.

- 6. Please confirm that RGI’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGI with delegated authority from the board to respond to ASX on disclosure matters.**

Confirmed.

Yours faithfully

Andrew Palfreyman
Company Secretary

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Chief Financial Officer

Karla Mallon

Company Secretary

Andrew Palfreyman





28 April 2022

Reference: ODIN51055

Mr Andrew Palfreyman
Company Secretary
Roto-Gro International Limited
Level 5, 126 Philip Street
Sydney, New South Wales 2000

By email: andrew.palfreyman@automicgroup.com.au

Dear Mr Palfreyman

Roto-Gro International Limited ('RGI'): General – Aware Query

ASX refers to the following:

- A. RGI's announcement titled 'RotoGro Executes Term Sheet for Technology Licence Agreement' released on the ASX Market Announcements Platform ('MAP') at 9:51 AM AEDT on 8 October 2020, disclosing, amongst other things, that:
- (i) RGI had executed a term sheet for a technology licence agreement with Verity Green Inc. ('Verity Greens') pertaining to a technology and patent licence for use in the cultivation of perishable foods with global exclusivity based on a right of first refusal (the 'Term Sheet'); and
 - (ii) The Term Sheet provided for RGI and Verity Greens to enter into a definitive agreement (the 'Definitive Agreement') to provide, amongst other things, for:
 - a global technology licence for use only in the cultivation of perishable foods with global exclusivity based on a right of first refusal by country;
 - a purchase of technology pursuant to the Definitive Agreement for a consideration price of CA\$14,000,000;
 - a right to manufacture RGI's model 710 (the 'Model 710') pursuant to an ancillary original equipment manufacturer agreement for a licence fee of CA\$2,000,000 (plus applicable taxes per unit); and
 - a software licence fee providing RGI with an annual licence fee payable by Verity Greens for the use of RGI's proprietary software equivalent to 1% of the total price for the purchases of RGI's Model 710 executed pursuant to an option to purchase and capped at 500 units of RGI's Model 710).
- B. RGI's announcement titled 'RotoGro Executes Binding \$10M Technology Licence Agreement with Verity Greens' released on MAP at 9:13 AM AEDT on 2 December 2020, disclosing, amongst other things, that:
- (i) RGI had executed a binding technology licence agreement with Verity Greens pertaining to technology and patent licensing for use in the cultivation of perishable foods (the 'Technology Licence Agreement') under which Verity Greens was to provide RGI with purchase orders in excess of A\$10 million for the purchase of no less than 624 RGI's Model 710 before 31 December 2021 to retain exclusivity (the 'Purchase Order'); and
 - (ii) In accordance with the terms of the Technology Licence Agreement, Verity Green was to complete the following contractual obligations:

-
- complete an economic market assessment and inform RGI of the country that it had chosen for its first perishable foods cultivation facility by no later than 30 April 2021; and
 - confirm to RGI the city and province, territory, state or other administrative division that it had designated for its first cultivation facility by no later than 30 September 2021
- together, the 'Contractual Obligations'.
- (iii) Failure to complete the Purchase Order or any of the Contractual Obligations by 30 December 2021 would constitute a material breach of the Technology Licence Agreement providing RGI with the option to terminate the Technology Licence Agreement in accordance with its terms.
- C. RGI's announcement titled 'Verity Greens Indoor Vertical Farming Facility Update' released on MAP at 8:53 AM AEST on 26 April 2021, disclosing, amongst other things, that:
- (i) Verity Greens had completed a full-spectrum market analysis pursuant to the Technology Licence Agreement; and
 - (ii) Verity Greens was still to complete the following under the Technology Licence Agreement, namely:
 - the Purchase Order; and
 - confirm to RGI the city and province, territory, state or other administrative division that it had designated for its first cultivation facility by no later than 30 September 2021.
- D. RGI's announcement titled 'Verity Greens Inc. Project Update' released on MAP at 9:24 AM AEDT on 31 December 2021, disclosing, amongst other things, that:
- (i) Verity Greens had discussed a broader business opportunity with RGI;
 - (ii) Verity Green was considering increasing its prospective Purchase Order of 624 RGI's Model 710 to 1872 units; and
 - (iii) As a result of the prospective market position of Verity Greens, RGI and Verity Greens had amended the existing Technology Licence Agreement by extending the deadline to execute a Definitive Agreement with RGI from 31 December 2021 to 31 December 2022 (the 'Amending Agreement').
- E. RGI's announcement titled 'Company Update' released on MAP at 10:02 AM AEST on 21 April 2022 (the 'Relevant Date') (the 'Announcement'), disclosing, amongst other things, that RGI had been notified by Verity Greens that it would no longer proceed with any further agreements with RGI ('the Information').
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- 3.1A** *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1** *One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- I. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks RGI to respond separately to each of the following questions and requests for information:

1. Does RGI consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did RGI first become aware of the Information?
4. If the answer to question 1 is "yes" and RGI first became aware of the Information before the Relevant Date, did RGI make any announcement prior to the Relevant Date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe RGI was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps RGI took to ensure that the Information was released promptly and without delay.
5. Please confirm that RGI is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that RGI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGI with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AWST Tuesday, 3 May 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RGI's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require RGI to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RGI's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in RGI's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RGI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that RGI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Vanessa Nevjestic
Adviser, Listings Compliance (Perth)