



ROTOGRO

RotoGro to Acquire Hanson Fertigation

- RotoGro has agreed to acquire one hundred percent (100%) of the Fertigation assets, intellectual property, ongoing contacts, key personnel, industry know-how and business goodwill
- The acquisition provides a specialised business line for water treatment and nutrient management in the viticulture, perishable foods and lawful cannabis space
- Fertigation is the injection of fertilizers, soil amendments, and other water-soluble products into an irrigation system
- The acquisition consideration is equivalent to three (3) times Hanson Fertigation's 2017 financial year EBITDA
- The Agreed Valuation will be paid through the issue of five million (5,000,000) fully-paid ordinary shares in the capital of RotoGro

Roto-Gro World Wide (Canada) Inc., a wholly-owned subsidiary of Roto-Gro International Limited ("**ASX:RGI**", "**RotoGro**" or the "**Company**"), has agreed to acquire the fertigation assets and ongoing contracts of Hanson's Water Treatment Inc. ("**Hanson**"), through RotoGro's wholly-owned subsidiary, Global Fertigation Solutions Inc. ("**GFS**").

Hanson Company Background:

Hanson's Water Treatment Inc., a company incorporated pursuant to the laws of the State of Nevada, USA, is located in Las Vegas, Nevada and was established in 1957 ("**Hanson**"). Hanson operates the business of water treatment and fertigation services, focused on commercial installations in the State of Nevada. Hanson has a specialized business line for water treatment and nutrient management in the viticulture, perishable foods and lawful cannabis space ("**Hanson Fertigation**"). To date Hanson Fertigation has successfully provided design solutions, installations and ongoing service for more than twelve (12) licensed lawful cannabis facilities in the State of Nevada.

Fertigation Explained:

Fertigation is the injection of fertilizers, soil amendments, and other water-soluble products into an irrigation system. The fertigation solution developed by Hanson Fertigation is a patent-pending fully-automated nutrient delivery system which purifies source water and adds client-specified recipes of nutrients

Roto-Gro International Limited
ACN: 606 066 059
ASX Code: RGI

Registered and Business Office

Level 11, 216 St Georges Terrace
Perth WA 6000
T: +61 8 9481 0389
F: +61 8 9463 6103
E: info@rotogro.com.au

Directors

Michael Carli
(Managing Director)
Michael Slater
(Executive Director)
David Palumbo
(Non-Executive Director)
Julian Atkinson
(Non-Executive Director)

Company Secretary

David Palumbo

 www.rotogro.com.au

to maximise yields and optimise cost efficiencies during the growth cycle of each crop.

Details of the Transaction:

Through **GFS**, RotoGro has agreed to acquire one hundred percent (100%) of the assets, intellectual property, ongoing contacts, key personnel, industry know-how and business goodwill of Hanson Fertigation. The acquisition consideration is equivalent to three (3) times Hanson Fertigation's 2017 financial year earnings before interest, tax, depreciation and amortization (EBITDA) which is agreed to be One Million, Seven Hundred and Fifty Thousand Australian Dollars (AUD \$1,750,000) (the "**Agreed Valuation**").

The Agreed Valuation will be paid through the issue of five million (5,000,000) fully-paid ordinary shares in the capital of RotoGro.

RotoGro has also agreed, subject to shareholder approval, to issue performance shares which convert to ordinary shares as follows:

1. 1,000,000 Shares if GFS's EBITDA exceeds A\$2,000,000 within 18 months of the transaction completing.
2. 1,500,000 Shares if GFS's EBITDA exceeds A\$5,000,000 within 36 months of the transaction completing.
3. 2,500,000 Shares if GFS's EBITDA exceeds A\$10,000,000 within 60 months of the transaction completing.

Completion is conditional upon the following being satisfied by 31 May 2018.

1. Written consents of Hanson's customers to the assignment that are required under the terms of those contracts either on an unconditional basis or on terms reasonably acceptable to GFS.
2. GFS and Doug Meckler Hanson Fertigation key man entering into the Employment Agreement on terms acceptable to GFS.
3. There being no material breach of any of the warranties.
4. GFS completing due diligence on the Assets and Business to its satisfaction.

RotoGro will rely upon its existing capacity to issue to issue ordinary shares to Hanson so that shareholder approval is not required to complete the acquisition. The vendors will be paid US\$2.2m cash in lieu of performance shares in the event shareholders do not approve the issue of performance shares

The President of Hanson, Stephen C. Everett states, "We are very excited with the acquisition by RotoGro as it will accelerate the global expansion of our patent-pending fully-automated nutrient delivery system. With more than 30 years of market-proven experience working in the water treatment, agriculture and nutrient space starting with viticulture and perishable foods, we have been able to drive risk reduction and economies of scale, integrating technology and science to the art of growing."

Roto-Gro International Limited
ACN: 606 066 059
ASX Code: RGI

Registered and Business Office

Level 11, 216 St Georges Terrace
Perth WA 6000
T: +61 8 9481 0389
F: +61 8 9463 6103
E: info@rotogro.com.au

Directors

Michael Carli
(Managing Director)

Michael Slater
(Executive Director)

David Palumbo
(Non-Executive Director)

Julian Atkinson
(Non-Executive Director)

Company Secretary

David Palumbo

 www.rotogro.com.au

Managing Director of RotoGro, Michael Carli states, "The acquisition of Hanson Fertigation is a key milestone in building the full suite of capabilities to provide our customers with a turnkey solution from 'concept to harvest'. The fertigation business is the first cornerstone in our third vertical that provides solutions to all forms of agriculture: from field crops to greenhouses to flat deck hydroponics. This acquisition expands the RotoGro Rotary Garden System capabilities on an enterprise level. The opportunities for revenue growth are immense with secured orders to date in excess of USD\$1M for 2018. Building on the focused penetration in Nevada, the opportunities across all agricultural applications globally are very exciting".

--ENDS--

For more information please contact

Roto-Gro International

Adam Clode
Investor Relations
adam.clode@rotogro.com.au
+61 (0)8 9481 0389

Investment Enquiries

Terry Gardiner
Barclay Wells Limited
terry@barclaywells.com
+61 (0)8 6380 3333

Investment Enquiries

Kim Slatyer
Emerald Capital Australia
kslatyer@emeraldcapital.com.au
+61 (0)8 9212 8899

About Roto-Gro International Limited

Roto-Gro International Limited is an Australian-based company with licensed, proprietary, patented, and patents-pending technology in the stackable rotary hydroponic garden space. RotoGro holds worldwide exclusive licenses for lawful medicinal and recreational cannabis markets and also holds worldwide licences for all other purposes including pharmaceuticals, nutraceuticals and perishable foods.

The Company is focused on expanding into industry synergistic opportunities; exploring strategic partnerships and complimentary acquisitions in related markets, which include, lawful cannabis license ownership, growing management services, world class fertigation systems, industry leading nutrients, emerging tissue culture expertise and other supporting faculties of hydroponic growing.

Roto-Gro International Limited
ACN: 606 066 059
ASX Code: RGI

Registered and Business Office

Level 11, 216 St Georges Terrace
Perth WA 6000
T: +61 8 9481 0389
F: +61 8 9463 6103
E: info@rotogro.com.au

Directors

Michael Carli
(Managing Director)
Michael Slater
(Executive Director)
David Palumbo
(Non-Executive Director)
Julian Atkinson
(Non-Executive Director)

Company Secretary

David Palumbo

 www.rotogro.com.au