

10 September 2019

Ms Sandra Wutete
Senior Adviser, Listing Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St. Georges Terrace
Perth, WA 6000

Via email: Sandra.Wutete@asx.com.au, ListingsCompliancePerth@asx.com.au

Dear Ms Wutete,

RESPONSE TO ASX AWARE QUERY

CropLogic Limited (CLI) refers to ASX's letter to CLI dated 5 September 2019 (**ASX Aware Letter**) and responds to each of your questions and requests for information below. Capitalised terms in this letter have the same meanings given in the ASX Aware Letter unless otherwise defined herein.

- 1. Please confirm whether it is CLI's understanding that the Stephen Silver who is currently a non-executive member of CLI's board of directors is the same Stephen Marc Silver referred to in the First FINRA Violation and the Second FINRA Violation.**

It is CLI's understanding that the Stephen Silver who is currently a non-executive member of CLI's board of directors (**Board**) is the same Stephen Marc Silver referred to in the First FINRA Violation and Second FINRA Violation.

- 2. If the answer to question 1 is "yes", did Mr Silver disclose information concerning the First and / or Second FINRA Violation to CLI prior to his appointment as a non-executive director in February 2019?**

Mr Silver did not need to disclose information concerning the First FINRA Violation or Second FINRA Violation to any CLI Board members or senior management personnel prior to his appointment as CLI was already aware.

- 3. If the answer to question 2 is "no":**

- a) Was the board of CLI otherwise aware of information concerning the First and / or Second FINRA Violation prior to Mr Silver's appointment as non-executive director in February 2019?**

Yes.

- b) Was the board made aware, whether by Mr Silver or otherwise, of information concerning the First and / or Second FINRA Violation subsequent to Mr Silver's appointment?**

Not applicable.

- 4. If the answer to either a) or b) of question 3 is "yes" please advise when, and in what circumstances, the board became aware of that information and what, if anything, it decided to do in relation to that information.**

The Board of CLI at the time of CLI's initial public offering (**IPO**) was made aware of the First and Second FINRA Violations when CLI was in the process of engaging Mr Silver's firm Hunter Capital as corporate advisor to CLI in relation to the IPO between July and September 2017.

As part of the engagement of Hunter Capital, the Board of CLI at the time considered the First and Second FINRA Violations and concluded that it would engage Hunter Capital on the basis:

- i. Mr Silver and Hunter Capital had relevant experience and skills in the capital markets and in undertaking IPOs;
- ii. Mr Silver and Hunter Capital had been referred to CLI based on previous experience;
- iii. Hunter Capital and Mr Silver held the appropriate licences to operate in Australia and undertake the required activities;
- iv. the First and Second FINRA Violations were allegations and findings only, not convictions. The First and Second FINRA Violations were not admitted or denied and Mr Silver made no admission of wrongdoing;
- v. the consequences of the events pertaining to the First and Second FINRA Violations had been dealt with and concluded; and
- vi. based on searches and investigations carried out in connection with the IPO, there were no reasons not to engage Hunter Capital.

5. If the answer to either question 2 or 3 a) or b) is "yes", please explain:

- a) the factors that the board of CLI took into account in determining that it was appropriate to appoint and then recommend the re-election of Mr Silver as a non-executive director of an ASX listed company to its members; and**

The factors the Board took into account in determining that it was appropriate for Mr Silver to be appointed and then recommended for re-election as non-executive director of CLI included:

- i. the factors considered and conclusion reached by the Board of CLI at the time of the IPO (refer to the responses to question 4 above) were accepted and applied equally to Mr Silver's appointment and re-election;
- ii. Mr Silver had the relevant experience and skill set the Board was seeking;
- iii. Mr Silver's performance as corporate advisor to CLI for the 18 months preceding his appointment and further period prior to the recommendation of his re-election, which was considered by the relevant Board members at the relevant times to demonstrate that Mr Silver had the skills and expertise to be a suitable non-executive director;
- iv. the Board was aware of the First and Second FINRA Violations, in fact these were publicly known. In the Board's view, his ability to perform his duties as a director was in no way prejudiced by these violations and these violations were not material in the context of all the overriding factors supporting his appointment and recommendation for re-election; and
- v. an Australian police check and bankruptcy check was conducted by CLI on Mr Silver, which both came back 'clean'.

In relation to the re-election of Mr Silver, the Board considered that Mr Silver had been performing effectively as a non-executive director in the period since his appointment to the casual vacancy, and that he had added valuable skills and experience to the Board.

- b) **why the board does not appear to have disclosed information concerning the First and Second FINRA Violations to CLI's shareholders (whether in the Notice of AGM or otherwise) and whether this is consistent with CLI's affirmation of its compliance with recommendation 1.2(b) in the FY19 Governance Statement.**

For the reasons provided in response to question 4 above, and consistent with recommendation 1.2(b) in the FY19 Governance Statement, the Board did not consider the First FINRA Violation and Second FINRA Violation to be information that was material to the decision of CLI shareholders to approve the re-election of Mr Silver.

6. Pursuant to CLI's response to recommendation 1.2(a) in the FY19 Governance Statement:

- a) **Did the board undertake background checks before appointing Mr Silver as a non-executive director of CLI?**

Yes.

- b) **If the answer to question 6a) is "yes", please provide details of those checks.**

An Australian police check and bankruptcy check were conducted by CLI on Mr Silver.

- c) **In light of Mr Silver's experience working in the United Kingdom and the United States of America (as disclosed in the Announcement), if the answer to question 6 a) is "yes", please advise whether the checks included those jurisdictions, and if not, why not.**

CLI did not conduct background checks on Mr Silver in any jurisdiction other than Australia.

In light of the successful working relationship between Mr Silver and CLI over the preceding 18 months, the Board's knowledge of Mr Silver and his experience and skill set, the clear results of the background checks conducted on Mr Silver in Australia where he had been residing most recently and Mr Silver and Hunter Capital's licence to operate in Australia, the Board did not consider it necessary to conduct searches in all jurisdictions in which Mr Silver has ever resided or worked.

7. Please confirm that CLI is in compliance with the Listing Rules.

Confirmed.

8. Please confirm that CLI'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 CLI with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Steve Wakefield". The signature is fluid and cursive.

Steve Wakefield
Chairman
CropLogic Limited

For personal use only



5 September 2019

Ms Susan Hunter
Company Secretary
CropLogic Limited

By email

Dear Ms Hunter

CropLogic Limited('CLI'): Aware Query

ASX refers to the following:

- A. Disciplinary Proceeding No. 2013037629301, which was initiated on 6 February 2015 by the United States' Financial Industry Regulatory Authority ('FINRA') against Stephen Marc Silver (CRD #5941173), and in which it was alleged that he failed to notify his member firm of his participation in two private securities transactions for which he received compensation by facilitating the sale of shares of a company to another. In July 2016, FINRA reported that¹, without admitting or denying the allegations, Mr Silver consented to sanctions involved a deferred fine of \$10,000, suspension from association with any FINRA member in any capacity for six months, and a deferred disgorgement of \$40,000 plus interest (the 'First FINRA Violation').
- B. Disciplinary Proceeding No. 2015047130101, which was initiated on 21 December 2016 by FINRA against Stephen Marc Silver (CRD #5941173), and in which he was found to have failed to disclose that he opened two outside securities accounts at an Australian broker-dealer in the names of two investment entities that he controlled, and deposited and sold securities in those accounts and a previously-disclosed securities account, and made misrepresentations to his member firm concerning the compensation he was to receive from his participation in a private securities transaction and the sales activity of securities in his outside accounts. In February 2017, FINRA reported that², without admitting or denying the findings, Mr Silver consented to sanctions involving a deferred fine of \$25,000 and suspension from association with any FINRA member in any capacity for five months (the 'Second FINRA Violation').
- C. FINRA's online database³ discloses that Stephen Marc Silver (CRD #5941173) is recorded as having been employed at:
- Casimir Capital L.P. (CRD #105061), located in Greenwich, Connecticut, the United States of America, between September 2011 to July 2013;
 - Fairfax Securities Corporation (CRD #37967), located in New York City, New York, the United States of America, between September 2013 and May 2014; and
 - Jett Capital Advisors, LLC (CRD #169127), located in New York City, New York, the United States of America, between March 2014 and February 2016.
- D. An article published on 17 November 2018 in the online edition of the Sydney Morning Herald titled "Hunter or the hunted? Fast life at the small end of town", which includes the following statements:
- Concerning Stephen Silver: *"Graduating through Canaccord Genuity, Casimir Capital and Jett Capital, he has made short work of a prodigious number of deals at his own shop, Hunter Capital, in a bewildering array of industries."*

¹ A copy of this report is enclosed with this letter.

² A copy of this report is enclosed with this letter.

³ <https://brokercheck.finra.org/individual/summary/5941173#licensesSection>

For personal use only

- *“Hunter Capital, founded only two years ago, has already raised around \$250 million in a series of floats and capital raisings for everything from Argentinian lithium prospectors to New Zealand-based farm technologies firms to Benelux satellite startups.”*
- *“It was some of Silver’s personal trades that in 2016 brought him to the attention of the US Financial Industry Regulatory Authority which alleged that he had made \$200,000 while working at Casimir Capital without disclosing his private activities in breach of the rules. Without admitting or denying the allegations, Silver agreed to a \$40,000 fine.”*

E. CLI’s announcement entitled “Oregon Trial Farm Update and Board Changes”, released on the ASX Market Announcements Platform (‘MAP’) on 22 February 2019 (the ‘Announcement’), disclosing the appointment of Stephen Silver to CLI’s board of directors. The announcement stated:

“Mr Silver brings 10 years of corporate finance experience to the board. Having worked in Perth, Sydney, London and New York. He is currently Managing Director of Hunter Capital Advisors.”

F. CLI’s notice of annual general meeting, released on MAP on 2 August 2019, which included a resolution to elect Stephen Silver as a director of CLI and which was recommended by the board of directors⁴ (the ‘Notice of AGM’). ASX notes that:

- The Notice of AGM does not include any information regarding Mr Silver’s background or qualifications, but refers shareholders to CLI’s annual report dated 31 March 2019 for biographical information about each of the directors standing for election or re-election.
- The annual report reproduces the statement from the Announcement reproduced at paragraph E above and provides no further biographical or professional information about Mr Silver.

G. CLI’s Appendix 4G Corporate Governance Statement released on MAP on 28 June 2019 (the ‘FY19 Governance Statement’) which includes the following recommendations and disclosures by CLI in response to those recommendations:

1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>
-----	--	---

And

<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of members of the Board in its Corporate Governance Plan. The Company’s Nomination Committee Charter (in the Company’s Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
---	-----	--

⁴ Refer to pages 7 and 8 of the Notice of AGM.

Request for Information

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

1. Please confirm whether it is CLI's understanding that the Stephen Silver who is currently a non-executive member of CLI's board of directors is the same Stephen Marc Silver referred to in the First FINRA Violation and the Second FINRA Violation.
2. If the answer to question 1 is "yes", did Mr Silver disclose information concerning the First and / or Second FINRA Violation to CLI prior to his appointment as a non-executive director in February 2019?
3. If the answer to question 2 is "no":
 - a) Was the board of CLI otherwise aware of information concerning the First and / or Second FINRA Violation prior to Mr Silver's appointment as a non-executive director in February 2019?
 - b) Was the board made aware, whether by Mr Silver or otherwise, of information concerning the First and / or Second FINRA Violation subsequent to Mr Silver's appointment?
4. If the answer to either a) or b) of question 3 is "yes" please advise when, and in what circumstances, the board became aware of that information and what, if anything, it decided to do in relation to that information.
5. If the answer to either question 2 or 3 a) or b) is "yes", please explain:
 - a) the factors that the board of CLI took into account in determining that it was appropriate to appoint and then recommend the re-election of Mr Silver as a non-executive director of an ASX listed company to its members; and
 - b) why the board does not appear to have disclosed information concerning the First and Second FINRA Violations to CLI's shareholders (whether in the Notice of AGM or otherwise) and whether this is consistent with CLI's affirmation of its compliance with recommendation 1.2(b) in the FY19 Governance Statement.
6. Pursuant to CLI's response to recommendation 1.2(a) in the FY19 Governance Statement:
 - a) Did the board undertake background checks before appointing Mr Silver as a non-executive director of CLI?
 - b) If the answer to question 6 a) is "yes", please provide details of those checks.
 - c) In light of Mr Silver's experience working in the United Kingdom and the United States of America (as disclosed in the Announcement), if the answer to question 6 a) is "yes", please advise whether the checks included those jurisdictions, and if not, why not.
7. Please confirm that CLI is in compliance with the Listing Rules.
8. Please confirm that CLI'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 CLI 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 **3:00 PM AWST Tuesday, 10 September 2019**.

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, CLI'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 CLI to request a trading halt immediately.

If you wish to request 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*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

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.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Sandra Wutete
Senior Adviser, Listings Compliance (Perth)

For personal use only