

29 April 2019

Trial Farm Expansion – Agronomy and Agtech Experience

Highlights

- **Industrial Hemp Trial Farm increases from 150 to 500 acres**
- **Expansion allows vertical integration of CropLogic’s agronomy and agtech expertise**
- **Multiple growing conditions to be tested**
- **Development of proprietary Agricultural data**
- **Showcase of yield optimisation through use of CropLogic technologies**

Further to the ASX announcement released on 24 April 2019, **CropLogic Limited (ASX: CLI) (CropLogic or Company)**, the award-winning global agricultural technology company providing cutting-edge technology to growers for decision support, is pleased to provide further information on the Company’s Industrial Hemp Trial Farm in Oregon, USA.

In March 2019, the Company entered into a lease over 150 acres of agricultural land in Central Oregon on which the Company intended to commence cultivation of industrial hemp. Strategically, this allows the Company to showcase its CropLogic realTime system in use for hemp cultivation within a region where there are over 11,000 acres under hemp cultivation¹, serving as a marketing tool to this market, and the hemp cultivation industry more broadly.

The hemp farm project was expanded on 24 April 2019 from 150 acres to 500 acres to allow the Company to develop additional reference data on hemp cultivation to enhance the existing technology offering, building further proprietary scientific knowledge within the sector.

An additional benefit of the hemp farm project is the revenues generated from the cultivation of hemp furthered by the potential optimisation of yields through the Company’s use of its own ag-tech on the project.

CropLogic conservatively estimates that the 500 acre farm will be able to produce in the order of 800,000 pounds of industrial hemp biomass per annum, having considered other producers within the region who can reach up to 1,100,000 pounds per annum on a similar site.² The hemp biomass market price of US\$35 to US\$45 per pound has been ascertained from both the Company’s own investigations

¹ <https://www.oregonlive.com/politics/2018/12/oregon-hemp-industry-poised-for-big-growth-after-feds-sign-off.html>

² See State of Wisconsin Department of Agriculture, Trade and Consumer Pricing, 2017 Industrial Hemp Pilot Program Annual Report <https://datcp.wi.gov/Documents/IHMinnAnnRpt2017.pdf>; Capital Press, Hemp Gains Ground Among Farmers, 4 April 2019, [https://www.capitalpress.com/nation_world/profit/hemp-gains-ground-among-farmers/article_95d19f10-5233-11e9-87d2-a7a0ac7ef200.html?;](https://www.capitalpress.com/nation_world/profit/hemp-gains-ground-among-farmers/article_95d19f10-5233-11e9-87d2-a7a0ac7ef200.html?) Hemp Industry Daily, ‘Oregon Marijuana Growers Eye Opportunities in Hemp’ 10 September 2018 [https://hempindustrydaily.com/oregon-marijuana-growers-eye-the-economics-of-hemp/;](https://hempindustrydaily.com/oregon-marijuana-growers-eye-the-economics-of-hemp/) <https://thegreenfund.com/charlottes-web-the-hemp-stock-ready-for-take-off;>

and is in line with third party indices for hemp market spot prices in the region.³ Similarly, hemp production costs have been ascertained from the Company's own investigations and is supported by third party research suggesting a cost of US\$5 to US\$7 per pound as a conservative production cost estimate.⁴ The yield, market price, and production cost figures are accordingly statements of fact which are supported by external research and analysis and from information and farm plans compiled by individual's CropLogic's advisory and management team who are competent on operations of this nature.⁵

Through the development of the trial farm, CropLogic will be gaining significant data on hemp cultivation which will further the Company's product offerings efficiency in ensuring accurate and actionable data on hemp crops increasing the value of the technology for future customers. Optimisation of the cultivation process through use of the Company's technology underpinned by its proprietary agricultural knowledge gained in the trial farm project may see improvements to the existing yield figures, and reduce production costs, increasing margins for hemp cultivators.

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About CropLogic

CropLogic is an award-winning global agricultural technology company listed on the Australian Securities Exchange (ASX). After launching its product into Washington State, USA in 2017, CropLogic is currently servicing a significant portion of horticultural growers in this region, with a market share as high as 30% in some crops. Following significant growth (2017-2018) in Washington State and Northern Oregon, in 2018, CropLogic expanded into the Idaho market. CropLogic offers growers of irrigated crops with digital agricultural technology expertise based upon scientific research and delivered with cutting edge technology – science, agronomy and technology interwoven into an expert system for decision support. For more information, please visit: <http://www.croplogic.com/>

⁵ Forward Looking Statements and further information on indicative production figures

The yield, market price, and production cost figures included in this announcement are based on the Company's investigations and farm plans compiled by the Company's advisors and management team. This includes those investigations undertaken by two consultants, Corporate Advisor, Green Rush Advisory Group LLC, and Lawyer, Green Light Law Group, P.C., who were appointed to advise the Company on the current state of, and opportunities within, the industrial hemp market in Oregon, USA. (Refer ASX announcement dated 26 November 2018). These also included investigations and farm plans compiled by CropLogic staff including LogicalCropping's hemp specialist and CropLogic's Western Territories Manager - a Certified Crop Advisor of the American Association of Agronomy, Inc. Resources used in these investigations and development of the farm plan include publicly available data, grower interviews, university research papers and third part indices. Although due care has been taken in producing these figures by persons CropLogic feels is sufficiently competent this does

³ See PanXchange March 2019 Hemp Report <https://panxchange.com/march-2019-hemp-market-update/>. Note assuming industrial hemp produced has average Cannabidiol (CBD) content of 10%; Marijuana Business Daily, 'Why a saturated marijuana market is leading some Oregon growers to pivot to hemp' 4 September 2018 <https://mjbizdaily.com/why-a-saturated-marijuana-market-is-leading-some-oregon-growers-to-pivot-to-hemp/>.

⁴ See Marijuana Business Daily, 'Why a saturated marijuana market is leading some Oregon growers to pivot to hemp' 4 September 2018 <https://mjbizdaily.com/why-a-saturated-marijuana-market-is-leading-some-oregon-growers-to-pivot-to-hemp/>.

not guarantee a future return. Cropping of any crop is inherently risky and yield, market price and production rates may vary.

This announcement may contain forward-looking statements that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.