

30 April 2019

CROPLOGIC UPDATE FOR THE QUARTER ENDING 31 MARCH 2019

Highlights

- Governance changes to facilitate further growth
- CropLogic signed lease for a trial industrial hemp farm in Oregon, USA
- CropLogic issued an Industrial Hemp Grower licence
- First shipment of high-quality hemp seeds received and delivered to nursery for germination
- CropLogic arranged lease financing options for Australian farmers to purchase CropLogic's award-winning hardware and software package

Post Quarter Highlights

- Trial industrial hemp farm expanded to 500 acres
- CropLogic secures AUD\$4 million funding

CropLogic Limited (ASX: CLI) (CropLogic or Company) is pleased to provide the following report on its activities for the quarter ended 31st March 2019 (the **Quarter**) and Appendix 4C.

Governance Changes

22 February 2019 – Long-time Director Mr. Steven Wakefield appointed Chair following the resignation of The Hon. Ms. Cheryl Edwardes as Director and Chair, and Mr. Stephen Silver appointed Director following the resignation Dr Andrew Whitehead (ASX: 11 February 2019).

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.

Trial Farm Lease

13 March 2019 – Following extensive investigations into the Oregon Hemp industry, CropLogic's wholly owned Oregonian subsidiary LogicalCropping LLC signed a lease for 150 acres for a trial industrial hemp farm in Central Oregon, USA. The property will be leased for 3 years, with an option to sub-lease in years 2 and 3. The lease represents a significant milestone achieved in CropLogic's plans to farm industrial hemp in the 2019 growing season. Similar acreage has been observed to produce hemp biomass of between 180,000 lbs. to 337,500 lbs. (81,647 kg to 153,087 kg). CropLogic

will use its award-winning digital applications, namely CropLogic realTime¹ and CropLogic Aerial Imagery, to optimise the yields and grade of the Company’s hemp biomass crop.

CropLogic Oregon Licence

18 March 2019 – LogicalCropping LLC was issued a Registered Industrial Hemp Growers licence by the Oregon Department of Agriculture. CropLogic is now legally permitted to crop industrial hemp in Oregon for the upcoming 2019 growing season, with harvesting to commence in September 2019. The Company is one of the first ASX listed companies with a US hemp growers’ licence.

Seed Shipment

27 March 2019 – CropLogic received its first shipment of industrial hemp seeds, which have now been delivered to a third-party nursery experienced in industrial hemp for germination. The seeds were sourced from a reputable supplier in Oregon, who is known to be a producer of high yield (1+ lbs/plant dried biomass), high potency (14-18% CBD), ODA compliant (<0.3% delta-9 THC), mould-resistant, feminised seeds.

Australian Farmer Leasing

29 March 2019 – CropLogic arranged lease finance options for Australian farmers to purchase the Company’s award-winning hardware and software package. The lease finance will provide Australian farmers with cost-effective tools to optimise their crop yields. The lease will be handled by German financier GRENKE, which operates in 32 countries, with more than 1,500 employees.

Events subsequent to the Quarter

Trial Farm Expansion to 500 acres to implement Agronomy & Agtech Expertise

24 April 2019 – Industrial Hemp Trial Farm in Central Oregon, USA, increased from 150 to 500 acres to further vertically integrate its agronomy and agtech expertise.

The increase in size will enable CropLogic’s wholly owned subsidiary, LogicalCropping, to evaluate and produce reference data for different growing conditions such as soil types, land contours and elevation in order to optimise crop yields. Discussions with local hemp growers confirmed the need for representative data across various conditions. A variety of irrigation systems and genetics will also be used.

The eight stages of hemp farming

Logical Cropping’s farm plan consists of eight stages, based on the needs of the farm and plants.

These various stages of the farm plan are (with indicative timeline):

- Pre-planting Mar - Apr
- Planting May - Jun
- Growth, Maintenance & Management Jun - Nov
- Flowering Aug - Sept
- Compliance Testing Sept
- Harvest Sept - Oct
- Processing/Sale Oct – Nov
- Post-harvest Nov – Dec

March – April Overview

- Secure land **Completed**
- Acquire permit **Completed**
- Purchase high-quality, feminized seed **Completed**
- Seed germination (off-site) April / May
- Soil analysis/field preparation/amendment April / May
- Irrigation system April / May

¹ **CropLogic realTime** – The hardware technology monitors and tracks key crop metrics, such as soil moisture and irrigation, and converts observations into data 24/7. This information is then collated in a concise and accurate format, providing actionable insights for users to make cost-saving decisions. Users can view this data in a user-friendly application called CropLogic GrowerView, which can be accessed via desktop, as well as on both Android and Apple iOS. CropLogic has developed this tool with the expertise of leading agronomists, leveraging over 30 years of research.

These elements enable CropLogic to validate its agronomy expertise and suite of ag-tech technologies in a variety of scenarios, adding greatly to CropLogic's proprietary scientific knowledge. (Please see announcement [29 April 2019](#))

AUD\$4m in Funding Secured

24 April – 2019 – CropLogic secured firm commitments from institutional and sophisticated investors to raise \$3 million (before costs) through a placement of 75,000,000 fully paid ordinary shares at an issue price of \$0.04 per share in 2 Tranches (Placement). For every two shares issued under the Placement, the Company will issue one unquoted option, exercisable at \$0.06 each with an expiry date two (2) years from date of issue (Options).

CropLogic also secured bridging finance for A\$1 million. A further USD\$2 million (approx. AUD\$2.8 million) of debt finance is also being sought.

The additional capital will see the trial farm financed into production.

Outlook

CropLogic is well positioned for growth – high profile industrial hemp trial farm in Oregon, to showcase the Company's technology and agronomy experience; Washington State coverage by CropLogic grows with realTime orders a 50% increase on last season; varying growing environments present an opportunity for CropLogic to further vertically integrate its agronomy and agtech expertise at both its trial farm and across its operations in Mildura, Australia, Washington State, Idaho and Oregon.

For further information and media inquiries:

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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 North 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/>

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CropLogic Limited

ABN

619 330 648

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	66	1,954
1.2 Payments for		
(a) research and development	(72)	(326)
(b) product manufacturing and operating costs	(323)	(1,369)
(c) advertising and marketing	(44)	(181)
(d) leased assets	-	-
(e) staff costs	(85)	(344)
(f) administration and corporate costs	(359)	(1,438)
(g) Investor Relations	(43)	(167)
(h) Salaries - Operations	(632)	(1,993)
(i) Subscriptions	(4)	(11)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	11
1.5 Interest and other costs of finance paid	(5)	(7)
1.6 Income taxes paid	-	(2)
1.7 Government grants and tax incentives	-	-
1.8 Cash receipts from other operating activities	84	146
1.9 Net cash from / (used in) operating activities	(1,416)	(3,788)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(338)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	(2)
2.4 Dividends received (see note 3)	-	-
2.5 Other cash items from investing activities	-	(30)
2.6 Net cash from / (used in) investing activities	-	(370)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,600
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(20)	(249)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(81)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other cash items from financing activities (Purchase costs to vendors of Professional Ag Services. Inc.,)	(458)	9
3.10 Net cash from / (used in) financing activities	(478)	2270

3.9 Other cash items from financing activities: \$455,311.

This relates to a payment to satisfy a contract commitment which was entered into in 2017.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,505	2,932
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,416)	(3,788)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(72)	(442)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(405)	1,894
4.5 Effect of movement in exchange rates on cash held	35	51
4.6 Cash and cash equivalents at end of quarter	647	647

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	627	2,485
5.2 Call deposits	20	20
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)	647	2,505

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of cash flow to these parties included in item 1.2	(50)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 Director fees paid	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)	(83)	(83)
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Group holds financing facilities in the form of credit cards with the following lenders;
 BNZ
 Homestreet
 Barclays
 Security on these facilities consists of various director guarantees
 The Group has also entered into asset finance agreements with Toyota Financial Services to finance the purchase of motor vehicles. These loans are secured against the vehicles purchased.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(4,268)
9.3 Advertising and marketing	(8)
9.4 Leased assets	-
9.5 Staff costs	(795)
9.6 Administration and corporate costs	(317)
9.7 Other (provide details if material)	(15)
9.8 Total estimated cash outflows	(5,403)

The Company is an operating business that generates cash inflows, including receipts from customers. The above summary of anticipated cash outflows does not fully reflect the anticipated net cashflows for the following quarter, as it excludes inflows (such as receipts from customers).

The Company estimates the collection of receipts from customers during the June 2019 Quarter to be \$899,000.

As per announcement dated [24/4/2019](#) the company has raised \$3,000,000 of capital which will settle during the June 2019 Quarter.

Note: 9.2 Product manufacturing and operating costs: \$4,268,000.

There is a seasonality to CropLogic's revenue and costs that are reflective of the agricultural industry CropLogic services. These costs relate to seasonal 'one off' costs expected at the start of the North American growing season. Similar costs are not expected from each quarter going forward.

Net cash outflows for the quarter are expected to be \$1,504,000.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Company secretary)

Date: 30 April 2019

Print name: Susan Hunter

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly 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 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.