

31 July, 2019

CROPLOGIC UPDATE FOR THE QUARTER ENDING 30 JUNE 2019

Highlights

- **Expansion into the USA, particularly the Pacific Northwest, continues to great success**
 - Better than expected installations of CropLogic realTime¹ into 2 new sales zones opened this season in Washington State
 - First sales into Idaho – a key target region for CropLogic – prospects of further growth
 - First Hemp Client with CropLogic realTime
 - Interest grows in CropLogic’s agronomy, farm management and agtech services in Oregon proper (a key target region of CropLogic)
- **CropLogic agronomy & farm management expertise demonstrated with key milestones of LogicalCropping hemp trial farm achieved during the period**
 - Trial farm expanded to 500 acres
 - Leading genetics acquired
 - Fields successfully prepared and planted
- **Corporate**
 - Project Funding secured

CropLogic Limited (ASX: CLI) (CropLogic or Company), award-winning global agronomy, farm management and agtech company, is pleased to provide an update to its activities for the quarter ended 30th June 2019 (the **Quarter**).

The end of the June quarter 2019 (Q2) marks the approximate midway point of the North American growing season. CropLogic has earlier advised that it had further growth targets in the USA. These include further growth in Washington State and growth into Idaho and Oregon.

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.

Washington State Operations

CropLogic's Washington State (USA) operations commenced during the reporting period, with the season's first CropLogic realTime site set up and providing real-time data. Current realTime orders represent a 50% increase in Washington State, as compared to 2018 figures.

Two new sales zones were established to target growers in the USD2.8 billion apple and hops industry. CropLogic realTime was trialled with apple and hop growers in the 2018 season after providing agronomy services for a period of time. The systems were found to be robust and responsive, and grower response was positive. The opening of these two zones presents a total addressable market to CropLogic's Washington State operations of between AUD 9.3 million and AUD 18.6 million. Installations to date of CropLogic realTime in this new sales zones have been better than expected.

First Hemp Client with CropLogic realTime

One of the stated aims of CropLogic's Hemp Trial Farm in Central Oregon, operated by CropLogic's wholly owned subsidiary LogicalCropping, was to demonstrate CropLogic's agronomy, farm management and agtech expertise to the emerging USA hemp market.

The first take up of this technology is in North Eastern Oregon and will be serviced out of CropLogic's Washington State office. CropLogic saw a 500% increase in the take up of CropLogic realTime in Washington in the 2019 financial year and 600% increase in revenue derived from this technology. CropLogic currently services a variety of crops in Washington State, include apples, cherries, wine grapes, potatoes and hops. It is exciting to now add hemp to this list and this speaks to the robustness and versatility of CropLogic realTime.

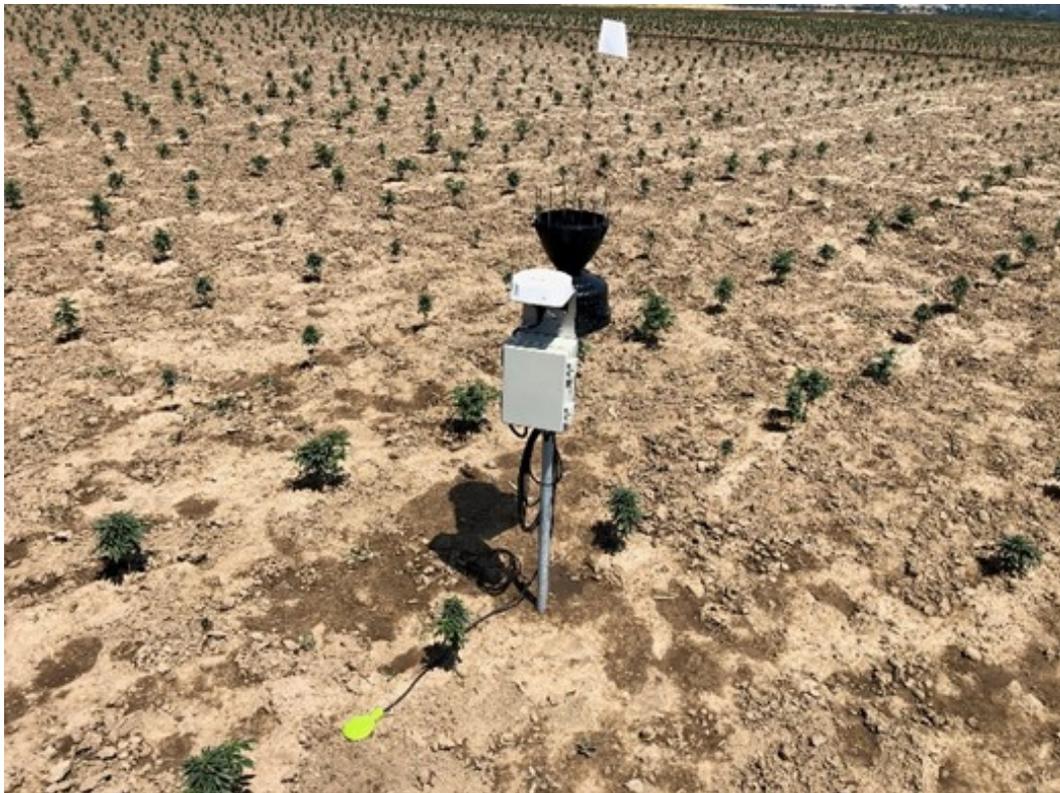


Figure 1: CropLogic realTime in client hemp field in North Eastern Oregon. This is CropLogic's first hemp client and demonstrates the success of the Hemp Trial Farm in promoting CropLogic's agronomy, farm management and agtech expertise.

First client with CropLogic realTime in Idaho

CropLogic advises that it has completed its first CropLogic realTime installation in Idaho, USA.

CropLogic began to build its presence in Idaho in October 2018 in preparation for the 2019 growing season by opening an office in Twin Falls, Idaho and appointing key staff including a regional manager and an Idaho based sales agronomist.

Idaho, which neighbours Washington State, is the second largest irrigation state in the USA and the largest in potato production. Idaho is also the third largest state in regard to dairy herd numbers and the second largest in milk production. Dairy production in Idaho is almost all feed lot – which means the dairy herds are not free grazing, but hay is brought to the feed lot facility – creating a strong demand for hay. Idaho is a comparatively dry state and therefore almost all crop production, including potato and hay production, is done via irrigation. As a key input and cost into their growing cycle growers are keenly interested in monitoring their water use and soil moisture, creating good demand for CropLogic realTime.

Interest grows in CropLogic's agronomy, farm management and agtech services in Oregon proper (a key target region of CropLogic);

CropLogic's Hemp Trial Farm is not only a platform to trial a variety of hemp genetics and growing environments but also is platform to demonstrate CropLogic's agronomy, farm management and agtech expertise.

As the Hemp Trial Farm project progresses, so does the interest in CropLogic. This includes several sales enquires for CropLogic realTime in the Willamette Valley and as far south as the Medford region of Oregon. Although CropLogic has had a presence in North Eastern Oregon for some time, pressing deeper into Oregon proper has been an objective for some time.

Expansion of Industrial Hemp Trial Farm

CropLogic expanded its industrial hemp trial farm from 150 to 500 acres, allowing the Company to develop additional reference data on hemp cultivation to enhance the existing technology offering, building further proprietary scientific knowledge within the sector.

CropLogic conservatively estimates that the 500-acre farm will be able to produce approximately 800,000 pounds of industrial hemp biomass per annum. This follows other producers within the region, who can reach up to 1,100,000 pounds per annum on a similar size. The hemp biomass market price of US\$35-45 per pound has been ascertained from both the Company's own investigations and is in line with third party indices for hemp market spot prices in the region.

Acquisition of Leading Strain Genetics

CropLogic purchased three different seed varieties, known for their resilience, CBD compliance and with a proven record of production in Central Oregon and similar growing environments. These varieties include T2, Midwest and Berry Blossom.

T2 is noted for high terpene production coupled with CBD yields consistently above 11% and reaching 16% under optimal growing conditions. Midwest strains produces approximately 14% CBD peaking around week 5 and stabilising to around 12.5% during weeks 6-9. Berry Blossom consistently yields 13% CBD and THC in the 0.2-0.3% range.

Commencement of Planting (now completed)

Having completed seed germination and site preparation, CropLogic will crop approximately 500 acres of CBD producing hemp over 5 sites at its trial hemp farm. This will occur using two different irrigation methods: aerial spraying circular pivot methodology and drip tape and mulch plastic methodology.

Though the process is intricate, it is said to have a positive impact on yield in both plant volume and CBD %. CropLogic will use its agronomy expertise and suite of ag-tech products to develop and optimise an evidence base this season, through comparison of yield rates with fields.

Following quarter-end, planting was completed at the 500-acre hemp trial farm. The next steps include the installation and utilisation of CropLogic's suite of agtech products, such as CropLogic realTime and CropLogic Aerial Imagery, as well as implementation of a fertigation strategy.

Corporate

During the period CropLogic successfully raised a total of AUD\$9,800,000 being USD\$4,250,000 (approximately AUD\$6,800,000) via a convertible note debt instrument and \$3,000,000 through the issue of 75,000,000 shares at \$0.04 per share.

For further information please contact:

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About CropLogic

CropLogic is an award-winning global agronomy, farm management and 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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (03 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	464	464
1.2 Payments for		
(a) research and development	(73)	(72)
(b) product manufacturing and operating costs	(2,926)	(2,926)
(c) advertising and marketing	(25)	(25)
(d) leased assets	-	-
(e) staff costs	(87)	(87)
(f) administration and corporate costs	(337)	(337)
(g) Investor Relations	(27)	(27)
(h) Salaries - Operations	(759)	(759)
(i) Subscriptions	(11)	(11)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Cash receipts from other operating activities	15	15
1.9 Net cash from / (used in) operating activities	(3,768)	(3,768)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(115)	(115)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (03 months) \$A'000
(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	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other cash items from investing activities	-	-
2.6 Net cash from / (used in) investing activities	(115)	(115)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,118	3,118
3.2 Proceeds from issue of convertible notes	3,203	3,203
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(368)	(368)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other cash items from financing activities	8	8
3.10 Net cash from / (used in) financing activities	5,961	5,961

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	647	647
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,768)	(3,768)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(115)	(115)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,961	5,961

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (03 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(18)	(18)
4.6	Cash and cash equivalents at end of quarter	2,707	2,707

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	2,687	627
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)	2,707	647

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of cash flow to these parties included in item 1.2
- 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

Current quarter \$A'000

(50)

6.1 Director fees paid

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000

-

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	(265)	(265)
8.2 Credit standby arrangements		
8.3 Other (Convertible Note Tranche 2)	(3,203)	0
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;
NAB
Security on these facilities consists of various director guarantees
The Group has also entered into asset finance agreements with Ally Bank.
Other finance facility (8.4) represents Tranche 2 drawdown of the convertible note raised in Q4.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(2,413)
9.3 Advertising and marketing	(42)
9.4 Leased assets	-
9.5 Staff costs	(679)
9.6 Administration and corporate costs	(328)
9.7 Other (provide details if material)	(339)
9.8 Total estimated cash outflows	(3,801)

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 net cash inflow for the next quarter (when considering such things as receipts from customers and financing facilities) to be A\$53,000.

Due to the seasonality of the Company's operations, the Company anticipates positive net cash inflows in quarter 2.

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

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

Sign here:  Date: 31 July 2019

(Company secretary)

Print name: Susan Hunter

Notes

1. 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.
2. 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.