

9 August 2019

## Hemp Trial Farm Bridging Loan

### Highlights

- **Pre-Revenue Bridging Finance Loan terms agreed**
- **US\$2 million available for drawdown subject to satisfaction of conditions precedent**

CropLogic Limited (ASX:CLI) (**CropLogic** or **Company**), award-winning global agronomy, farm management and agtech company, is pleased to announce that the Company has negotiated the terms for a pre-revenue bridging finance loan of US\$2 million (**Bridging Finance Loan**) with its existing lender, Atlas Capital Markets (**Atlas**). This is further to the convertible note agreement entered into with Atlas in May 2019 (see ASX announcement of 29 May 2019) (**May Note**). The May Note included a provision allowing Atlas to purchase a second tranche of up to a further 2,000,000 convertible notes subject to the agreement of the parties. The Bridging Finance Loan<sup>1</sup> will be in place of this second tranche.

The funds to be provided under the Bridging Finance Loan will provide pre-revenue bridging finance to cover costs of the Company's Hemp Trial Farm through to the processing and sale of the product in November.

The provision of the Bridging Finance Loan is conditional upon the parties entering into a formal Note Purchase Agreement (on terms consistent with the May Note) and amending the security granted to Atlas in respect of the May Note to cover the Bridging Finance Loan, in each case before 23 August 2019. The Bridging Finance Loan will be available for draw down as soon as these conditions precedent are satisfied.

Upon draw down under the facility, the Company will issue 8,947,057 options to Atlas (or its nominee) exercisable at A\$0.12 with a three-year term.

### Part Conversion of May Note

Atlas has elected to convert US\$750,000 of the amount outstanding under the May Note for the issue of 18,502,067 shares at A\$0.06 per share. The associated Appendix 3B will be released to ASX today.

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1. For key terms of the Bridging Finance Loan see the Schedule at the end of this announcement.

## Commentary

“The market’s response to CropLogic’s Hemp Trial Farm has been most welcomed and has enabled CropLogic to negotiate the terms of this bridging finance,” said CropLogic CEO James Cooper-Jones, “the 50% plus increase in CropLogic’s share price since entry into the May Note has resulted in conversion of part of the original note, saving the Company some US\$750,000 in cash repayment. The conversion confirms the noteholder’s confidence and rerating of CropLogic.

The new bridging finance should de-risk the Hemp Trial Farm by providing contingency funding for the Company through to compliance testing and harvest.”

## Hemp Trial Farm

CropLogic has successfully planted 500 acres of CBD producing hemp biomass and has embarked on a joint venture program to grow an additional 16.6 acres of premium trimmed flower hemp, all to showcase its agronomy, farm management and agtech skill set including its leading product CropLogic realTime<sup>2</sup>.

### 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	<b>Completed</b>
✓ Planting	<b>Completed</b>
• Growth, Maintenance & Management	<b>Underway</b>
• Flowering	Aug - Sept
• Compliance Testing	Sept
• Harvest	Sept - Oct
• Processing/Sale	Oct – Nov
• Post-harvest	Nov – Dec

For further information please contact:

### James Cooper-Jones

Chief Executive Officer

### CropLogic Limited

M: +61 419 978 062

E: james.cooper-jones@croplogic.com



MMR Corporate Services Pty Ltd

Level 2, 131 Macquarie Street

Sydney, NSW 2000 Australia

P: +61 2 9251 7177

E: croplogic@mmlcorporate.com

## 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/>

<sup>2</sup> **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.

## Forward Looking Statements

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.

## SCHEDULE:

<b>Key Terms of the Bridging Finance Loan</b>	
<b>Purchaser/Investor</b>	Atlas Capital Markets ( <b>Atlas</b> ).
<b>Conditions Precedent</b>	<p>Subject to the following conditions, Atlas will invest the Investment Amount (defined below) on Closing:</p> <ol style="list-style-type: none"><li>1. the parties entering into a formal note purchase agreement; and</li><li>2. the parties amending the existing security deed between the parties as detailed below,</li></ol> <p><b>(Conditions Precedent)</b>.</p> <p>The Conditions Precedents must be satisfied by 23 August 2019.</p>
<b>Closing</b>	The date that all of the Conditions Precedent are satisfied ( <b>Closing</b> ).
<b>Loan Notes</b>	On Closing, the Company will issue loan notes with a face value of an aggregate amount of US\$2,200,000 ( <b>Loan Notes</b> ).
<b>Investment Amount</b>	US\$2,000,000 ( <b>Investment Amount</b> ).
<b>Convertible Notes</b>	<p>Subject to obtaining shareholder approval, the Loan Notes will be redeemed and new convertible notes with an aggregate face value of US\$2,200,000 (<b>Convertible Notes</b>) will be issued.</p> <p>If the shareholder approval is not obtained, the Loan Notes will remain on issue until the Maturity Date. The Company must seek shareholder approval within 30 days of Closing.</p>
<b>Conversion</b>	Subject to obtaining shareholder approval, some or all of the Convertible Notes may be converted into shares of the Company, at the election of Atlas, at the Conversion Price at any time after 30 November 2019 or an event of default.
<b>Conversion Price</b>	100% of the average of the 3 lowest 1-day volume weighted average price of Shares as traded on ASX in the 20 trading days immediately prior to the date of Atlas giving the conversion notice ( <b>Conversion Price</b> ). The

	Conversion Price will be adjusted if the Company undertakes a reorganisation of capital.
<b>Maturity Date</b>	The Maturity Date of the Loan Notes and the Convertible Notes (if applicable) is the date that is 12 months after Closing ( <b>Maturity Date</b> ).
<b>Interest</b>	If an event of default occurs, interest is payable at a rate of 14.5% per annum until the Company repays the Loan Notes or Convertible Notes and accrued interest in full. Otherwise no interest is payable.
<b>Use of Proceeds</b>	The Company must use the funds for general working capital.
<b>Security</b>	The Loan Notes or Convertible Notes (as applicable) rank parri passu with the May Note.  Prior to Closing, the Company and Atlas must amend the General Security Deed between the parties dated 27 May 2019 to extend the existing security granted thereunder to the Loan Notes or Convertible Notes.
<b>Repayment</b>	All outstanding amounts payable by the Company on the Maturity Date.
<b>Prepayment</b>	Unless an event of default has occurred, the Company may elect to prepay, all or a portion of, the outstanding amount at any time prior to the Maturity Date by paying to Atlas 105% of the outstanding amount of the notes being prepaid plus any accrued default interest.
<b>Options</b>	On Closing, the Company will issue to Atlas (or its nominee) 8,947,057 Options, each with an exercise price of A\$0.12 and an expiry date of 3 years from the date of issue.
<b>Events of Default</b>	Customary events of default for an agreement of this nature.