

17 September 2019

## ASX 'WATCHLIST' LETTER

CropLogic Limited (**CLI** or **Company**) refers to ASX's letter to CLI dated 16 September 2019 (**ASX Watchlist Letter**) attached. The ASX has requested the attached ASX Watchlist letter be released to the ASX Announcements Platform today.

The Company Secretary of CLI received an email on 3 September 2019 requesting, in part, information as to whether CLI was aware at the time Mr Stephen Silver was appointed as a director of CLI of certain FINRA disciplinary proceedings in 2015 and 2016 in the USA. The Company had a very short time period to respond to this email and CLI rapidly considered the questions and assembled a response in the timeframe requested. At no point was the Company Secretary informed that the responses to the email would be made public.

The ASX then issued a formal query letter on 5 September 2019 (**ASX Aware Letter**) following which the Company undertook a fulsome and thorough process in responding to the queries in the letter. This resulted in the answers provided in the letter to the ASX on 10 September 2019. These responses and the ASX Aware Letter were released on the ASX Announcements Platform on 10 September 2019 and fully address the issues raised regarding Mr Silver's appointment and re-election as a director. The attached ASX Watchlist Letter adds no further relevant information in this regard.

The attached ASX Watchlist Letter highlights the inconsistency of the Company's two responses. CLI agree that the first email response of 3 September 2019 was incorrect and issued a written explanation to ASX today.

The Board of CLI is of the view that the market has always been and is currently fully informed regarding Mr Silver's election and re-election.

- END -

**For further information please contact:**


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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/>



16 September 2019

Reference: 06721

The Board of Directors  
CropLogic Limited  
45 Ventnor Avenue  
West Perth WA 6005

By email:

Dear Directors

**CropLogic Limited ('CLI'): now on ASX Watchlist**

I refer to ASX's email to CLI dated 3 September 2019 requesting, in part, information as to whether CLI was aware at the time Mr Stephen Silver was appointed as a director of CLI of allegations that Mr Silver had been banned by FINRA for unethical practices involving Australian securities.

Ms Susan Hunter, CLI's company secretary, responded by email on 3 September 2019 stating:

*"The Board was not aware of the allegations at the time Mr Silver was appointed as a director. The Board was not, before today, familiar with US based FINRA."*

and then later:

*"... the directors were not aware of these allegations before being brought to their attention in your email below."*

According to the email cc field, Ms Hunter's email to ASX was copied to Mr Steven Wakefield, chairman of CLI.

I also refer to ASX's query letter to CLI dated 5 September 2019 regarding CLI's corporate governance protocols and, in particular, the processes that were followed in relation to the appointment of Mr Silver to the board of CLI on 21 February 2019, and his re-election at the annual general meeting of CLI on 19 August 2019. That query letter was prompted by the responses Ms Hunter gave in her email dated 3 September 2019.

CLI's responded to ASX's query letter by letter dated 10 September 2019 and signed by Mr Wakefield, as Chairman of CLI ("CLI's Letter Response"). It was released on the ASX Market Announcements Platform along with ASX's original query letter on 10 September 2019.

CLI's Letter Response states:

*"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;*

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- 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.”*

Plainly, CLI's Letter Response is inconsistent with its earlier email response dated 3 September 2019.

ASX considers the manner in which CLI has responded to ASX's queries to be unsatisfactory.

It is also apparent from CLI's Letter Response that it does not consider the manner in which it handled Mr Silver's appointment to the board of CLI to be inconsistent with the representations it has made to the market regarding its purported compliance with Recommendation 1.2(a) and (b) of the ASX Corporate Governance Council's *Principles and Recommendations*. ASX does not agree.

Accordingly, by this letter, ASX is formally notifying CLI that CLI has been placed on ASX's watch-list and will remain on that watch-list until further notice. While CLI is on ASX's watch-list, all announcements lodged by CLI for release to the market to be reviewed by ASX Listings Compliance prior to their release to the market to make sure they are satisfactory.

Inevitably, this will delay the release of CLI's announcements to the market, having regard to the time it will take ASX Listing Compliance to review those announcements and to raise and resolve any queries ASX may have in relation to them.

Consequently, in the event that CLI wishes to release to the market a potentially market sensitive announcement, it must request a trading halt ahead of the release of the announcement to avoid uninformed trading in its securities while ASX goes through this process.

ASX expects CLI to release a copy of this letter to the market. In the event it does not, ASX reserves the right to release a copy of this letter to the market under listing rule 18.7A.

Please feel free to contact me if you have any questions regarding this letter.

Yours sincerely

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**Kevin Lewis**  
Chief Compliance Officer