

21 October 2019

Ms Sandra Wutete  
Senior Adviser, Listing Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St. Georges Terrace  
Perth WA 6000

Via email: [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Ms Wutete

#### **RESPONSE TO ASX PRICE AND VOLUME QUERY**

CropLogic Limited (**CLI** or **Company**) is pleased to respond as follows to the questions set out in ASX's letter to CLI dated 18 October 2019.

1. *Is CLI aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?*

No, CLI is not aware of any information concerning it that has not been announced to the market, which if known by some in the market, could explain the recent trading in securities.

2. N/A – answer to question 1 is No.

3. *If the answer to question 1 is “no”, is there any other explanation that CLI may have for the recent trading in its securities?*

On Thursday 17 October 2019, an employee of one of CLI's contractors who used to work at CLI's trial hemp farm in Oregon posted on his personal Instagram account a video taken by him which showed mould on the farm. The publication of this video was not authorised by CLI or the contractor.

On Friday 18 October 2019, a Twitter user placed the same video on his personal Twitter account with the following words 'mold mold mold everywhere all mold all day'. This was picked up and shared by multiple users on the HotCopper share trading discussion site.

As soon as CLI became aware of these events, CLI requested this video to be removed and requested a trading halt from the ASX, and began investigating the posts and the sequence of events.

Other recent posts by individuals on Twitter and HotCopper on various dates have accused the company of hiding hail and frost damage to crops, insider trading, and being stock price manipulators. CLI is concerned that this activity has been designed deliberately to create fear and doubt in the minds of ASX investors in CLI by distributing fake news. We do not know whether these individuals have themselves been trading in the Company's shares or whether this is part of a strategy of manipulating the CLI share price. CLI intends to investigate these activities and take legal advice on what action can be taken.

The information regarding the extent of mould on the plants posted by individuals on Twitter was false and misleading. It is not uncommon for farming operations to experience mould on plants. CLI estimates that less than 0.05% of the plants at CLI's trial farm have been impacted by mould, which is immaterial in the context of a 500 acre farm.

At the time of these individuals posting the above-mentioned material on Twitter, CLI was in the process of finalising a harvest update announcement. The 'Harvest Update' announcement provides clarification around the current status of the harvest and corrects what appears to be misunderstanding around elements of the harvest process by some in the market. This Harvest Update announcement has been released today.

4. *Please confirm that CLI is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

5. *Please confirm that CLI's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CLI with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed.

Yours sincerely



**Steve Wakefield**  
Chairman  
CropLogic Limited



18 October 2019

Reference: 09167

Ms Susan Hunter  
Company Secretary  
CropLogic Limited

By email

Dear Ms Hunter

### **CropLogic Limited ('CLI'): Price and Volume Query**

We note the change in the price of CLI's securities from a high of \$0.058 at close on Friday, 11 October 2019, to an intraday low of \$0.043 at the time of writing today, Friday, 18 October 2019.

We also note the significant increase in the volume of CLI's securities traded from 11 October 2019 to 18 October 2019.

### **Request for Information**

In light of this, ASX asks CLI to respond separately to each of the following questions and requests for information:

1. Is CLI aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
  - (a) Is CLI relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in CLI's securities would suggest to ASX that such information may have ceased to be confidential and therefore CLI may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
  - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
  - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that CLI may have for the recent trading in its securities?
4. Please confirm that CLI is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that CLI's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CLI with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **11:00 AM AWST today, Friday, 18 October 2019**. If we do not have your response by then, ASX will likely suspend trading in CLI's securities under Listing Rule 17.3. You should note that if the

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information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CLI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CLI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CLI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in CLI's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in CLI's securities under Listing Rule 17.3.

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**Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

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**Sandra Wutete**  
Senior Adviser, Listings Compliance (Perth)