

## **CROPLOGIC LIMITED**

**ARBN 619 330 648**

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## **PROSPECTUS**

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This Prospectus contains an offer of up to 1,000 Shares at an issue price of \$0.031 per Share to raise up to \$31 (**Cleansing Offer**). The Cleansing Offer is included primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date of the Cleansing Offer.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

# IMPORTANT INFORMATION

## General

This Prospectus is dated, and was lodged with ASIC on 20 December 2019. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the New Shares the subject of the Cleansing Offer.

A copy of this Prospectus is available for inspection at the Australian registered office of the Company at 45 Ventnor Avenue, West Perth, Western Australia during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (refer to Section 4.2).

No person or entity is authorised to give any information or to make any representation in connection with the Cleansing Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Cleansing Offer.

## Application Forms

The Application Form accompanying this Prospectus is important. An Application for New Shares under the Cleansing Offer can only be submitted on an Application Form. Please refer to the instructions in Section 1.8 regarding completion of an Application Form.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Cleansing Offer detailed in this Prospectus.

## Continuously quoted securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

## Exposure period

No exposure period applies to the Cleansing Offer.

## Speculative investment

An investment in the New Shares should be considered highly speculative. Refer to Section 3 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the New Shares.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for the New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that there will be an increase in the value of the New Shares in the future.

## Forward-looking statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', 'target' or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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 of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

#### **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

#### **Diagrams**

Any diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

#### **Currency**

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

#### **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

#### **Time**

All references to time in this Prospectus are references to AWST, unless otherwise stated.

#### **Glossary**

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 6.

# CORPORATE DIRECTORY

## Company

CropLogic Limited

## Directors

Steven Wakefield – Non-Executive Chairman  
Peter Roborgh – Non-Executive Director  
John Corbett – Non-Executive Director  
Stephen Silver – Non-Executive Director

## Executive Management

James Cooper-Jones - Chief Executive Officer  
Daniel Bramich - Chief Financial Officer

## Company Secretary

Sebastian Andre

## Registered Offices

Chartered Accountants House  
Level 5, 50-64 Customhouse Quay  
Wellington 6011, New Zealand

45 Ventnor Avenue  
West Perth WA 6005, Australia

1102 N. California Ave.  
Pasco. WA 993302, United States of America

## Website

Website: [www.croplogic.com/](http://www.croplogic.com/)

## Share Registry\*

Link Market Services  
Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

Phone: +61 8 9211 6670

## Solicitors

DLA Piper Australia  
Level 31, Central Park  
152-158 St Georges Terrace  
Perth WA 6000 Australia

## Home Exchange

Australian Securities Exchange  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

## ASX Code

CLI

\*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

## PROPOSED TIMETABLE

Event	Indicative Date
Lodgement of Prospectus with ASIC	20 December 2019
Opening Date	20 December 2019
Closing Date	24 December 2019

*The above timetable is indicative only and subject to change. Subject to compliance with all applicable laws, the Directors reserve the right to vary these dates, including the Closing Date of the Cleansing Offer at any time after the Opening Date, without prior notice.*

## TABLE OF CONTENTS

<b>Section</b>	<b>Page No</b>
1. Details of the Cleansing Offer .....	6
2. Effect of the Cleansing Offer .....	10
3. Risk Factors .....	10
4. Additional information.....	14
5. Authorisation .....	22
6. Glossary of Terms.....	23

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# 1. Details of the Cleansing Offer

## 1.1 The Cleansing Offer

The Company is offering, pursuant to this Prospectus, up to 1,000 New Shares in aggregate at an issue price of \$0.031 per New Share (**Cleansing Offer**).

New Shares issued under the Cleansing Offer will be issued as fully paid ordinary shares and will rank equally in all respect with the existing shares on issue. Refer to Section 4.1 for a summary of the rights and liabilities attaching to the New Shares under the Cleansing Offer.

The Company is only extending the Cleansing Offer to specific parties on invitation from the Directors. The Company will only provide Application Forms to these parties.

## 1.2 Placement to Atlas Capital Markets

On 20 December 2019, the Company announced that it had entered into a subscription agreement for a strategic share placement (**Subscription Agreement**) and a collateral share agreement (**Share Agreement**) with Atlas Capital Markets.

The Subscription Agreement provides the Company with access to up to \$20,000,000 of standby equity capital over the next 36 months. The Company retains the control over whether or not to utilise the standby equity, the minimum issue price of shares and the timing of each placement tranche. Atlas Capital Markets will subscribe for all or part of the shares set out in a subscription request (but not less than 50% of the shares set out in a subscription request).

Under the Share Agreement, the Company will lend such number of shares to Atlas Capital Markets which is no less than the number of shares specified by the Company in subscription request. Pursuant to the Share Agreement, the Company will issue 62,490,817 Shares to Atlas Capital Markets (**Placement Shares**) on or around 20 December 2019 (**Placement**).

Refer to the Company's ASX announcement dated 20 December 2019 for further information.

## 1.3 Purpose of the Cleansing Offer

The Company is seeking to raise only a nominal amount of \$31 (before expenses) under the Cleansing Offer and, accordingly, the purpose of this Prospectus is not to raise capital. The Directors intend to apply the proceeds from the Cleansing Offer to the expenses of the Cleansing Offer.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to the Placement Shares issued by the Company so that the holders of the Placement Shares, if they choose to, may sell those Placement Shares within the twelve months following their issue, without the issue of a prospectus. The Company did not issue the Placement Shares with the purpose of the persons to whom they were issued selling or transferring the Placement Shares, or granting, issuing or transferring interests in the Placement Shares within 12 months of the issue, however this Prospectus provides them with the ability to do so should they wish.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Cleansing Offer; and
- (b) ensure that the on-sale of the Placement Shares does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

#### **1.4 Minimum subscription**

There is no minimum subscription in relation to the Cleansing Offer.

#### **1.5 Oversubscriptions**

The Company will not accept any oversubscriptions in relation to the Cleansing Offer.

#### **1.6 Effect on control**

The Cleansing Offer will have no impact on the control of the Company as no person as a result of the Cleansing Offer will increase their voting power in the Company:

- (a) from 20% or below to more than 20% of issued capital of the Company; or
- (b) from a starting point that is above 20% and below 90% of issued capital of the Company.

#### **1.7 Not underwritten**

The Cleansing Offer is not underwritten.

#### **1.8 Applications**

Applications for New Shares under the Cleansing Offer must only be made by investors offered New Shares by the Company under the Cleansing Offer and using the Application Form provided by the Company. By completing such an Application Form, you will be taken to have declared that all details provided and statements made by you are complete and accurate, and that you have received personally the application form together with a complete and unaltered copy of the Prospectus.

Payment for New Shares must be made in full at the issue price of \$0.031 per New Share. Completed Application Forms and accompanying cheques made payable to '**CropLogic Limited**' and crossed '**Not Negotiable**', must be mailed or delivered to the address specified in the Application Form by no later than the Closing Date of the Cleansing Offer. The Company reserves the right to close the Cleansing Offer early.



## **1.9 ASX listing**

Application for Official Quotation by ASX of the New Shares will be made within seven days after the date of this Prospectus. If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of the Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

## **1.10 Allotment**

The issue of New Shares pursuant to the Cleansing Offer will take place as soon as practicable after the Closing Date of the Cleansing Offer. Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account, as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of all the New Shares under the Cleansing Offer. The Directors reserve the right to reject any application or to allocate any Applicant fewer New Shares than the number applied for. Where the number of New Shares issued is less than the number applied for, or when no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date of the Cleansing Offer. Interest will not be paid on moneys refunded.

The Company's decision on the number of New Shares to be issued to an Applicant under the Cleansing Offer will be final.

## **1.11 Defects in applications**

If an Application Form is completed incorrectly or if the accompanying payment is the wrong amount, the Company may, in its absolute discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

## **1.12 Applicants outside Australia**

This Prospectus and any accompanying Application Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **1.13 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares under the Cleansing Offer.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Shares under the Cleansing Offer.

## **1.14 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **1.15 Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company by telephone on (08) 9389 4403 (within Australia).

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## 2. Effect of the Cleansing Offer

### 2.1 Effect on capital structure

The effect of the Placement and Cleansing Offer on the capital structure of the Company, assuming the maximum number of New Shares is issued, is as follows:

Security on issue	Balance prior to the Placement	To be issued pursuant to the Placement	To be issued pursuant to the Cleansing Offer	Total
Shares	416,605,449	62,490,817	1,000	479,097,266
Options	79,846,325 <sup>1</sup>	Nil	Nil	79,846,325
Performance Rights	11,823,377 <sup>2</sup>	Nil	Nil	11,823,377
Convertible Notes	1,245,434 <sup>3</sup>	Nil	Nil	1,245,434

**Notes:**

<sup>1</sup> 10,000,000 Director Options exercisable at \$0.06 each on or before 19 August 2021

9,496,875 Unlisted Options exercisable at \$0.04 each on or before 28 December 2021

38,237,500 Unlisted Options exercisable at \$0.06 each on or before 31 May 2021

13,164,893 Unlisted Options exercisable at \$0.08 each on or before 4 July 2022

8,947,057 Unlisted Options exercisable at \$0.12 each on or before 3 September 2022

<sup>2</sup> 9,000,000 Performance Rights issued to CEO and employees

222,222 Performance Rights issued to CEO

2,601,155 Performance Rights issued to CEO (Tranche B)

### 2.2 Effect of the Cleansing Offer on the Company

After paying for the expenses of the Cleansing Offer of approximately \$4,206, there will be no proceeds from the Cleansing Offer. The expenses of the Cleansing Offer exceeding \$31 (being the amount raised if the Cleansing Offer is fully subscribed) will be met from the Company's existing cash reserves. The Cleansing Offer will have a minimal effect on the Company's financial position, being receipt of funds of \$31 less costs of preparing the Prospectus.

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## 3. Risk Factors

New Shares are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors that may affect its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

The risks described in this Section 3 are not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risks described in, and others not specifically referred to, in this Section 3 may in the future materially affect the financial performance and position of the Company and the value of New Shares offered under this Prospectus. The New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risks described in this Section 3 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantees the Company's performance, the performance of the New Shares the subject of the Cleansing Offer or the market price at which the New Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 3, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether to apply for New Shares.

### **3.1 Risks specific to the Company**

#### **(a) Future capital requirements**

The Company may need to raise additional capital in the future.

Any additional equity financing may be dilutive to Shareholders, as it may be undertaken at lower prices than the market price. Debt financing may or may not involve restrictive covenants which limit the Company's operations and business strategy.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern or remain solvent.

#### **(b) Insurance**

The Company will, where economically practicable and available, endeavour to mitigate some business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer may default in payment of a legitimate claim by the Company under an insurance policy.

#### **(c) Contractual Disputes**

There is a risk that the Company's business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

#### **(d) Contract Risks**

The Company may operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

#### **(e) Competitive Pressures**

Individual products may fail to be accepted within the market. The Company could be subject to substantial competitive pressure from rival products. The entry of new players into the industry would increase competitive pressure faced by existing operators.

#### **(f) Supplier and manufacturer risk**

The Company sources a number of products and services from third party suppliers and manufacturers. Examples include in-field sensors and battery components. Any material

changes in the trading terms and or supply from these third-party providers may impact the Company's ability to provide the current suite of products and agronomy services to its customers at the current pricing and gross margin.

(g) **Intellectual property**

The Company licenses intellectual property from The New Zealand Institute for Plant and Food Research Limited and the Company has generated and continues to generate intellectual property in its own right. The New Zealand Institute for Plant and Food Research Limited has pursued intellectual property protection in the form of patents and patent applications however legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the New Zealand Institute for Plant and Food Research Limited and/or the Company in every country in which the Company seeks to operate. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating the intellectual property licensed from The New Zealand Institute for Plant and Food Research Limited or the Company's own intellectual property. This could result in unexpected costs or impact sales of certain products or services being offered by the Company.

(h) **Market Conditions**

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

(i) **The nature of CropLogic's business**

The Company provides agronomy, farm management and agricultural technology products and services to growers predominately in the USA, Australia and New Zealand. The Company is also in the business of cropping industrial hemp. Changes in technology platforms, industry dynamics, commodity prices (including hemp) and regulatory environments may impact on the Company. If the Company's technology does not perform to the standard and efficiency levels it expects then there is a risk of customer dissatisfaction and damage to the reputation of the business, which may manifest in lower than expected future revenue. If hemp prices were to reduce this may also manifest in lower than expected future revenue.

(j) **Competitive pressures**

Individual products may fail to be accepted within the market. The Company could be subject to substantial competitive pressure from rival products. The entry of new players into the industry would increase competitive pressure faced by existing operators.

The Company is committed to combination of cutting edge research and technology using remote sensing with highly skilled technical, local and practical experience. Competitors using these elements may be able to develop superior products with key competitive advantages.

(k) **Foreign Exchange Risk**

The operations of the Company are in New Zealand, Australia and the United States of America and the Company has been known to raise capital in New Zealand dollars, Australian dollars and United States dollars. Accordingly, a foreign exchange risk exists in relation to any significant fluctuations in currency exchange rates. The Company does not have any formal policy in hedging against foreign exchange exposure.

(l) **Sale of Hemp Biomass**

A subsidiary within the CropLogic Group is in the business of cropping industrial hemp. The hemp market is an emerging industry and sales infrastructure and markets are comparatively immature. There is no certainty of future profitable prices for hemp or certainty of a future hemp market at all. The impact of this is the Company may not be able to sell its hemp for profit or at all, which may manifest in lower than expected future revenues.

(m) **Cropping Risk - General**

Cropping has some inherent risks that are beyond the ability of the Company to control. These include but are not limited to weather events, pest infestations and genetic failures. Cropping risk may result in total or partial crop failure, or a crop that is of lower grade. The Company is a provider of agronomy, farm management and agricultural technology products and services to growers predominately in the USA, Australia and New Zealand. As such the Company is exposed indirectly to cropping risk which may manifest in lower than expected future revenues as these clients may not be able to pay invoices when they fall due.

(n) **Cropping Risk – Hemp**

A subsidiary within the CropLogic Group is in the business of cropping industrial hemp. Cropping has some inherent risks that are beyond the ability of the Company to control. These include but are not limited to weather events, pest infestations and genetic failures. Furthermore, Hemp is an emerging crop and as such agronomic and other scientific data is limited increasing exposure to cropping risk. Cropping risk may result in total or partial crop failure, or a crop that is of lower grade. As such the Company is exposed directly to cropping risk which may manifest in lower than expected future revenues. Additionally, to be compliant with legislation regarding the permitted sale of industrial hemp, the crop must have less than 0.3% THC, which is variable depending on plant genetics and growing conditions, and thereby is uncertain and not guaranteed.

(o) **Pricing Risk – Hemp**

A subsidiary within the CropLogic Group is in the business of cropping industrial hemp. Hemp and CBD is a relatively new product and the Hemp and CBD industry should be considered an emerging market. As such there is no certainty of future profitable prices for hemp or certainty of a future hemp market at all. The impact of this is the Company may not be able to sell its hemp for profit or at all, which may manifest in lower than expected future revenues.

(p) **Legislation Risk**

A subsidiary within the CropLogic Group is in the business of cropping industrial hemp and has obtained the appropriate government licences to do so. The CropLogic Group does not have any control over future legislative changes around the legal status of cropping industrial hemp, the compliance requirements contained in any such legislation and the ability to obtain a hemp cropping licence in the future. As such the Company is exposed directly to a legislation risk which may manifest in lower than expected future revenues.

## **3.2 General Risks**

(a) **Securities investments**

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors. Furthermore, the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of the Company regardless of its operational performance.

(b) **Share Market Conditions**

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the company.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates, exchange rates, gold prices and the rate of inflation.

(d) **Other Projects**

The Company may look to complete other investments and acquisitions in the future, the details of which are not known at the date of this Prospectus. Those acquisitions and investments will carry their own set of risks.

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## **4. Additional information**

### **4.1 Rights attaching to New Shares**

A summary of the rights attaching to New Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities that attach to New Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 121 of the Companies Act and the Constitution.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). No dividend shall carry interest as against the Company.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder Liability**

As the New Shares issued under the Cleansing Offer contained in this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(g) **Variation of Rights**

The Companies Act provides that a company must not take action that affects the rights attached to shares unless that action has been approved by a special resolution of each interest group. An interest group in relation to an action or proposal affecting the rights attached to shares means a group of shareholders whose affected rights are identical and whose rights are affected by the action or proposal in the same way and who comprise the holders of one or more classes of shares in the company.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 10 working days written notice specifying the intention to propose the resolution as a special resolution must be given.



## 4.2 Company is a disclosing entity

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the Annual Report being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since its 2019 annual report was lodged:

<b>Date Lodged</b>	<b>Subject of Announcement</b>
20 December 2019	Appendix 3B
20 December 2019	Hemp Trial Farm Update
9 December 2019	Change of Company Secretary
3 December 2019	Extension to Voluntary Suspension
3 December 2019	Appendix 4D and Half Year Accounts
19 November 2019	Suspension from Official Quotation
14 November 2019	Trading Halt
31 October 2019	Quarterly Activities and CashFlow Report
28 October 2019	Hemp Trial Farm Commences Biomass Shipments
21 October 2019	Response to ASX Price Query
21 October 2019	Hemp Trial Farm Harvest Update
18 October 2019	Trading Halt
18 October 2019	Pause in Trading
7 October 2019	Compliance Testing Successfully Completed
3 October 2019	Results of Meeting
20 September 2019	Appendix 3B and s708A(5)(e) Notice
18 September 2019	Notice of General Meeting/Proxy Form
17 September 2019	ASX 'Watchlist' Letter
13 September 2019	Appendix 3B - Release from Escrow
13 September 2019	Hemp Trial Farm Enters 4th Stage of Development - Flowering
10 September 2019	Response to ASX Aware Query
9 September 2019	Change of Director's Interest Notice x 4
4 September 2019	Appendix 3B
29 August 2019	Bridging Loan Proceeds Received
26 August 2019	Notification of Release of Securities from Escrow
22 August 2019	CLI to Investigate Australian Hemp Market
19 August 2019	Results of Annual General Meeting
13 August 2019	Appendix 3B and s708A(5)(e) Notice
9 August 2019	Appendix 3B and s708A(5)(e) Notice
9 August 2019	Hemp Trial Farm Bridging Loan
6 August 2019	Appendix 3B and s708A(5)(e) Notice
6 August 2019	Hemp Trial Farm Secures Supply Agreement
2 August 2019	Notice of Annual General Meeting/Proxy Form
2 August 2019	Appendix 3B
2 August 2019	Trading Halt
31 July 2019	Quarterly Activities and CashFlow Report
25 July 2019	Hemp Trial Farm Leads to CBD Trimmed Flower Joint Venture
16 July 2019	Planting Successfully Completed at Oregon Hemp Trial Farm
11 July 2019	Appendix 3B and s708A(5)(e) Notice
10 July 2019	Proposed Issue of Performance Rights and Options

<b>Date Lodged</b>	<b>Subject of Announcement</b>
5 July 2019	Appendix 3B and s708A(5)(e) Notice
5 July 2019	Chief Executive Officer Remuneration
2 July 2019	Results of Meeting
28 June 2019	Appendix 4G and Corporate Governance Statement

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the Company at 45 Ventnor Avenue, West Perth, WA 6005:

- (i) this Prospectus;
- (ii) the Constitution; and
- (iii) the consents referred to in Section 4.15 and the consents provided by the Directors to the issue of this Prospectus.

### **4.3 Information excluded from continuous disclosure notices**

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

### **4.4 Determination by ASIC**

ASIC has not made a determination that would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

### **4.5 Directors' interests**

Except as disclosed in this Prospectus, no Director and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

### **4.6 Directors' interests in Securities**

Set out in the table are details of the Directors' relevant interests in the Securities at the date of this Prospectus:

<b>Director</b>	<b>Shares</b>	<b>Options</b>
Steven Wakefield <sup>1</sup>	13,517,729	3,000,000
Peter Roborgh	3,384,000	2,000,000
John Corbett <sup>2</sup>	4,666,667	3,000,000
Stephen Silver <sup>3</sup>	31,497,035	13,846,154

**Note:**

- 11,517,728 Shares and 3,000,000 Options held by Innovative Software Limited and 2,000,000 Shares held by Citicorp Nominees Pty Ltd. Innovative Software Limited is an entity controlled by Steven Wakefield and Citicorp Nominees Pty Ltd holds shares on behalf of Wakefield Holdings Limited (an entity controlled by Steven Wakefield).
- 2,000,000 Shares and 3,000,000 Options held by Hemagrove Pty Ltd <Jayandem A/C> and 2,666,667 Shares held by John Corbett & Marita Corbett <John & Marita Corbett Superannuation Fund A/C>. John Corbett is a director and shareholder of trustee and beneficiary of the account.
- 31,497,035 Shares and 10,846,154 Options held by LTL Capital Pty Ltd. Stephen Silver is a director and shareholder of LTL Capital Pty Ltd.

## 4.7 Directors' remuneration

The remuneration of the Directors for the previous two financial years is as follows:

Director	Financial Year	Short term benefits	Post-employment benefits	Share-based payments	Total
Steven Wakefield	2019	43,365	Nil	Nil	43,365
	2018	36,232	Nil	Nil	36,232
Peter Roborgh	2019	40,456	Nil	Nil	40,456
	2018	36,232	Nil	Nil	36,232
John Corbett <sup>1</sup>	2019	16,667	1,583	Nil	18,250
	2018	Nil	Nil	Nil	Nil
Stephen Silver <sup>2</sup>	2019	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil

<sup>1</sup> John Corbett was appointed to the Board on 1 November 2018

<sup>2</sup> Stephen Silver was appointed to the Board on 22 February 2019

<sup>3</sup> Stephen Silver is not paid Directors fees since he is the Managing Director of Evolution Equities who are mandated as the Company's corporate advisers.

## 4.8 Substantial shareholders

Based on publicly available information as at the date of this Prospectus, the following persons have voting power of above 5% or more in the Company:

Shareholder	Number of Shares Held	Shares Held %
LTL Capital Pty Ltd	31,497,035	7.56

## 4.9 Related Party Transactions

At the date of this Prospectus, as disclosed in Section 4.7 above for Stephen Silver and LTL Capital Pty Ltd, there are no other material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

## 4.10 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Cleansing Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Cleansing Offer; or

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Cleansing Offer.

The Company's legal advisors will be paid fees of approximately \$1,000 (plus GST) in relation to the preparation of this Prospectus.

#### 4.11 Market price of Shares

The highest and lowest market sale prices of Shares on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest:	\$0.065
Lowest:	\$0.03
Latest	\$0.031

#### 4.12 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

#### 4.13 Expenses of the Cleansing Offer

The estimated expenses of the Cleansing Offer are as follows:

	<b>\$</b>
ASIC lodgement fee	3,206
Legal expenses	1,000
<b>Total</b>	<u>4,206</u>

#### 4.14 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be made for additional statements.

#### 4.15 Consents

DLA Piper Australia has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. DLA Piper Australia has not authorised or caused the issue of this Prospectus or the making of the Cleansing Offer. DLA Piper

Australia makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement with ASIC of this Prospectus.

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## 5. Authorisation

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of the Company by:



**Steve Wakefield**  
Non Executive Chair

20 December 2019

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## 6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Acceptance** means a valid application for Shares made pursuant to this Prospectus on an Application Form.

**Applicant** means a person who submits an Application Form.

**Application Form** means the application form provided by the Company with a copy of this Prospectus.

**Application Monies** means application monies for Shares received by the Company from an Applicant.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**AWST** means Australian Western Standard Time.

**Board** means the board of Directors.

**CHESS** means ASX Clearing House Electronic Subregister System.

**Cleansing Offer** has the meaning given to that term in Section 1.1.

**Closing Date** means the closing date of the Cleansing Offer as specified in the indicative Timetable as varied from time to time.

**Companies Act** means the Companies Act 1993.

**Company** means CropLogic Limited ARBN 619 330 648.

**Constitution** means the constitution of the Company.

**Corporations Act** means Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Group** means the Company and its subsidiary entities.

**Listing Rules** means the Listing Rules of ASX.

**New Shares** means the shares offered pursuant to the Cleansing Offer (as applicable).

**Option** means the right to acquire one Share in the capital of the Company.

**Placement** has the meaning given to that term in Section 1.2.

**Placement Shares** has the meaning given to that term in Section 1.2.

**Prospectus** means this prospectus dated 20 December 2019.



**Section** means a section of this Prospectus.

**Securities** mean any equity securities issued or granted by the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Agreement** has the meaning given to that term in Section 1.2.

**Shareholder** means a holder of Shares.

**Subscription Agreement** has the meaning given to that term in Section 1.2.