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**ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD**

**ARBN 619 754 540**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 2:30pm (AWST)  
**DATE:** Wednesday, 11<sup>th</sup> September 2019  
**PLACE:** Mirador Corporate  
Suite 2, Level 1  
1 Altona Street  
West Perth WA 6005

*The business of the Meeting affects your shareholding and your vote is important.*

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 5<sup>th</sup> September 2019.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ISSUE OF OPTIONS TO PLACEMENT PARTICIPANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,073,810 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – ISSUE OF CDIS AND OPTIONS TO RELATED PARTY - ADAM BLUMENTHAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,285,714 CDIs and 1,428,571 Options to Adam Blumenthal (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Adam Blumenthal (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 3. RESOLUTION 3 – ISSUE OF CDIS AND OPTIONS TO RELATED PARTY - SUBURBAN HOLDINGS PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,857,143 CDIs and 952,381 Options to Suburban Holdings Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Suburban Holdings Pty Ltd (and its nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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4. **RESOLUTION 4 – ISSUE OF CDIS AND OPTIONS TO RELATED PARTY - HORATIO STREET PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,428,572 CDIs and 476,190 Options to Horatio Street Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Horatio Street Pty Ltd (and its nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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5. **RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – SHARON DEVIR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,500,000 Performance Rights to Sharon Devir (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Sharon Devir (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – BOAZ WACHTEL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,500,000 Performance Rights to Boaz Wachtel (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Boaz Wachtel (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – ADAM BLUMENTHAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,200,000 Performance Rights to Adam Blumenthal (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Adam Blumenthal (and his nominee) or any of their associates as well as Adam Blumenthal's siblings and any entities controlled by those siblings. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF CDIS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,076,924 CDIs on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – ISSUE OF SHORTFALL OPTIONS TO MR BOAZ WACHTEL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Options to Mr Boaz Wachtel (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Boaz Wachtel (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – ISSUE OF SHORTFALL OPTIONS TO DR SHARON DEVIR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Options to Dr Sharon Devir (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Dr Sharon Devir (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is

cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 11 – ISSUE OF SHORTFALL OPTIONS TO MR ADAM BLUMENTHAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 6,250,000 Options to Mr Adam Blumenthal (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Adam Blumenthal (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**12. RESOLUTION 12 – ISSUE OF SHORTFALL OPTIONS TO MS DAFNA SHALEV-FLAMM**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 625,000 Options to Ms Dafna Shalev-Flamm (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Ms Dafna Shalev Flamm (and her nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**13. RESOLUTION 13 – ISSUE OF SHORTFALL OPTIONS TO MR GRAEME SMITH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 150,000 Options to Mr Graeme Smith (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Graeme Smith (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**14. RESOLUTION 14 – ISSUE OF OPTIONS TO EVERBLU CAPITAL PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Everblu Capital Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Everblu Capital Pty Ltd (and its nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Dated: 05 August 2019**

**By order of the Board**



**Sharon Devir  
Executive Chairman**

**Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

**Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

**Voting by holders of CDIs**

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Holders of CDIs are entitled to attend the General Meeting, provided that they cannot vote at the meeting, and if they wish to vote they must direct CDN, the holder of legal title of the CDIs, how to vote in advance of the meeting pursuant to the instructions set out in the accompanying voting instruction form. If you are a holder of CDIs, please sign and date the enclosed voting instruction form and return it in accordance with the instructions on your voting instruction form.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6559 1792.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. BACKGROUND TO RESOLUTIONS 1 – 4

As announced on 15 May 2019, the Company has received firm commitments to raise approximately A\$1.66 million (before expenses) by way of a placement of 23,692,857 CDIs at an issue price of A\$0.070 per CDI to professional and sophisticated investors (**Placement**). The Company agreed, subject to obtaining Shareholder approval, to issue one (1) free attaching Option for every three (3) CDIs issued to subscribers in the Placement.

On 23 May 2019, the Company issued 15,221,430 CDIs to unrelated professional and sophisticated investors who participated in the Placement (**Placement Participants**). Resolution 1 seeks Shareholder approval for the issue of 5,073,810 Options to the Placement Participants.

Director Adam Blumenthal would like the opportunity to participate in the Placement on the same terms and conditions as the Placement Participants. Resolution 2 seeks Shareholder approval for the issue of 4,285,714 CDIs and 1,428,571 Options to Adam Blumenthal.

In addition, pursuant to Resolutions 3 and 4, the Company is seeking Shareholder approval to enable Suburban Holdings Pty Ltd (an entity controlled by Alvin Blumenthal and his wife Debra Blumenthal, the parents of Adam Blumenthal) and Horatio Street Pty Ltd (an entity controlled by Darrin Blumenthal, the brother of Adam Blumenthal and Managing Director of EverBlu Capital) to participate in the Placement on the same terms and conditions as the Placement Participants.

Resolution 3 seeks Shareholder approval for the issue of 2,857,143 CDIs and 952,381 Options to Suburban Holdings Pty Ltd (or its nominee).

Resolution 4 seek Shareholder approval for the issue of 1,428,572 CDIs and 476,190 Options to Horatio Street Pty Ltd (or its nominee).

Refer to Item A of Schedule 1 which shows the effect of the passing of these Resolutions on the interests of Adam Blumenthal, Suburban Holdings Pty Ltd and Horatio Street Pty Ltd in the securities of the Company.

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### 2. RESOLUTION 1 – ISSUE OF OPTIONS TO PLACEMENT PARTICIPANTS

#### 2.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 5,073,810 Options to the Placement Participants, on the basis of one (1) Option for every three (3) Shares subscribed for and issued under the Placement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Options pursuant to this Resolution during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Resolution 1:

- (a) the maximum number of Options to be issued is 5,073,810;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the CDIs issued pursuant to the Placement, on the basis of one (1) Option for every three (3) CDIs subscribed for and issued;
- (d) the Options will be issued to the Placement Participants, none of whom are related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the issue as the Options are being issued for nil cash consideration.

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## 3. RESOLUTIONS 2 TO 4 – ISSUE OF CDIS AND OPTIONS TO RELATED PARTIES

### 3.1 General

Resolutions 2 to 4 seek Shareholder approval for the issue of up to 8,571,429 CDIs and 2,857,142 Options to Adam Blumenthal, Suburban Holdings Pty Ltd (**Suburban Holdings**) and Horatio Street Pty Ltd (**Horatio Street**) (or their respective nominees) on the same on the same terms and conditions as the Placement Participants.

### 3.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The Company is seeking Shareholder approval for the purposes of ASX Listing Rule 10.11 as Adam Blumenthal is a related party of the Company by virtue of being a Director and Suburban Holdings is a related party of the Company by virtue of being controlled by the parents of Adam Blumenthal who is a director of the Company.

Additionally, the Company is seeking Shareholder approval for the purposes of ASX Listing Rule 10.11 for the issue of CDIs and Options to Horatio Street, an entity controlled by Darrin Blumenthal, the brother of Adam Blumenthal. Although Horatio Street is not a related party of the Company, out of an abundance of caution and for the purpose of transparency and best practice corporate governance, the Company is seeking Shareholder approval under ASX Listing Rule 10.11, given the relationship between Darrin Blumenthal and Adam Blumenthal, and Darrin Blumenthal and EverBlu Capital (as Managing Director of EverBlu Capital).

It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.



### 3.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 2 to 4:

- (a) the CDIs and Options will be issued to Adam Blumenthal, Suburban Holdings and Horatio Street (or their nominees);
- (b) the maximum number of Securities to be issued is 8,571,429 CDIs and 2,857,142 Options, comprising of the issue of:
  - (i) 4,285,714 CDIs and 1,428,571 Options to Adam Blumenthal (or his nominee) pursuant to Resolution 2;
  - (ii) 2,857,143 CDIs and 952,381 Options to Suburban Holdings (or its nominee) pursuant to Resolution 3; and
  - (iii) 1,428,572 CDIs and 476,190 Options to Horatio Street (or its nominee) pursuant to Resolution 4;
- (c) the CDIs and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.07 per CDI, being the same as all other CDIs issued under the Placement;
- (e) the issue price of the Options will be nil as they will be issued free attaching with the CDIs issued pursuant to the Placement, on the basis of one (1) Option for every three (3) CDIs subscribed for and issued;
- (f) the CDIs will be issued on the same terms and conditions as the Company's existing CDIs;
- (g) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (h) the funds raised will be used for the same purposes as all other funds raised under the Placement, which will be used to commercialise RZTO marketing and sales opportunities in various jurisdictions, expand cannabis growers marketing and sales activity in the United States, fund the pursuit of new cannabis and hemp opportunities and to provide ongoing working capital.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of CDIs and Options to Adam Blumenthal, Suburban Holdings and Horatio Street (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 4. RESOLUTIONS 5 TO 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

### 4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 13,200,000 Performance Rights (**Performance Rights**) to Boaz Wachtel, Sharon Devir and Adam Blumenthal (or their nominees) (**Related Parties**) on the terms and conditions set out below.

As set out in the table below, the Company is seeking to issue three classes of Performance Rights to the Related Parties. Further details on the milestones attaching to each class of Performance Rights are set out in 4.2 to 4.4 below.

Related Party	Performance Rights			Total
	Class E	Class F	Class G	
Boaz Wachtel	1,500,000	1,500,000	1,500,000	4,500,000
Sharon Devir	1,500,000	1,500,000	1,500,000	4,500,000
Adam Blumenthal	1,400,000	1,400,000	1,400,000	4,200,000

#### 4.2 Class E Performance Rights

As set out above, the Company proposes to issue an aggregate of 4,400,000 Class E Performance Rights to the Related Parties.

The Class E Performance Rights will be able to be converted into a CDI by a Holder, upon the Company:

- (a) Acquiring a business in the agricultural and/or cannabis or hemp sector which contributes to the Company's gross revenue by a minimum of 10% within 12 months from acquisition of the relevant business (**Acquisition**); and
- (b) following completion of the Acquisition, the Company's CDIs trading at a 20-day VWAP of A\$0.12 or more,

within 36 months of the date of issue of the Performance Rights.

In the context of the milestone for the Class E Performance Rights set out above, "gross revenue" will be calculated by reference to the size of the revenues generated by the business being at least 10% of the total income of the Company for the previous 12 months.

The Company considers that it is in the best interests of Shareholders to vote in favour of the issue of the Class E Performance Rights for the following reasons:

- (a) The Company's RTZO technology has been proven to provide higher than expected yields in the food agriculture space as a result of the application of the systems. The Company believes that it is in a position to either vertically or horizontally add value in the chain.
- (b) The Company has also recently discovered that its RTZO technology provides a positive impact on certain cannabis strain.

As a result, the Company considers that the synergy and expansion resulting from an appropriate acquisition would have value-adding potential for Shareholders when teamed with a VWAP milestone.

#### 4.3 Class F Performance Rights

As set out above, the Company proposes to issue an aggregate of 4,400,000 Class F Performance Rights to the Related Parties.

The Class F Performance Rights will be able to be converted into a CDI by a Holder, upon the Company recording gross revenue of \$500,000 as a result of:

- (a) expansion into the US cannabis market; and/or

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- (b) sales in Israel,

with a minimum of 20% of sales incoming being derived from either the US cannabis market or sales in Israel, within 24 months of the date of issue of the Performance Rights. The Company currently operates in the following jurisdictions (active sales): Israel (flowers, vegetables and cannabis), South Korea, the USA (cannabis only), China and first deployments have been made in Australia and Spain. This milestone focuses on the Company's expansion into the USA and sales in Israel because the cannabis sector in both jurisdictions is less price sensitive to the CapEx and the yield increase is promising to the extent that the return on investment for farmers is around one year (based on 2-3 annual crops cycles). For other crops, such as flowers, chives, basil, tomatoes, lettuce (NFT) return on investment is between 2 to 3 years. These matters add to a significant opportunity for the Company and support the focus shift from general agriculture to include cannabis-related agriculture as well.

The Company considers that it is in the best interests of Shareholders to vote in favour of the issue of the Class F Performance Rights because, to date, the Company has been focusing on building the technology and pilot plants. A milestone to reach significant revenue (\$500,000) turns the Company from a research and development focus to a commercialisation point. As noted above, the US cannabis market appears to be a developing one for Roots, along with current sales in Israel. It is the view of the Board that this should re rate the Company and Shareholders will be rewarded accordingly.

#### 4.4 Class G Performance Rights

As set out above, the Company proposes to issue an aggregate of 4,400,000 Class G Performance Rights to the Related Parties.

The Class G Performance Rights will be able to be converted into a CDI by a Holder, upon the Company installing:

- (a) four (4) RZTO systems for cannabis or hemp clients globally; and
- (b) two (2) additional RZTO system installations in the Asian market,

within 18 months of the date of issue of the Performance Rights.

As noted above, the Company currently operates in the following jurisdictions (active sales): Israel (flowers, vegetables and cannabis), South Korea, the USA (cannabis only), China and first deployments have been made in Australia and Spain. The Company currently operates in the following jurisdictions. Since listing on ASX, the Company has installed more than 35 systems RZTO systems in all six countries. There are therefore 26 RZTO systems currently operating worldwide. The Company considers that the achievement of the milestones set out above will have a positive effect on systems sales increase of the Company. The milestone provides further incentives for the Company to increase its sales efforts in the expanding cannabis and hemp sectors and build on its entry to the Asian market through South Korea and China's initial sales.

The Company considers that it is in the best interests of Shareholders to vote in favour of the issue of the Class G Performance Rights because, with the recent discovery of the RZTO system having positive results in the cannabis space, Roots installing 4 systems for cannabis or hemp customers proves the Company, with the potential for further new clients (and therefore increased revenue) providing benefits to shareholders' investments. Installation of 2 additional RZTO systems in Asia will further the Company's reach into this market.

#### 4.5 Advantages and disadvantages for Shareholders

In addition to the explanations set out in Sections 4.2, 4.3 and 4.4, the non-interested members of the Board consider that it is in the best interests of Shareholders to vote in favour of Resolutions 5 to 7 for the following reasons:

- (a) The proposed milestones for the Performance Rights link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the milestones will be consistent with increases in the value of the Company's business.
- (b) Granting the Performance Rights to Messrs Devir, Wachtel and Blumenthal will:
  - (i) assist in retaining these key personnel.
  - (ii) link part of the remuneration paid to specific performance criteria, namely the achievement of specific milestones;
  - (iii) include a market-linked incentive component in the remuneration package for these Directors.
- (c) The grant of the Performance Rights is cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Messrs Devir, Wachtel and Blumenthal.
- (d) The achievement of the milestones the subject of the Performance Rights will have a positive impact on the ability of the Company to make a profit by focusing the Company's efforts on proven key markets where the viability and profitability of the RTZO technology has been established already without the need to finance pilot projects.

In addition to the advantages set out above, reasons why it may not be in the best interests of shareholders to vote in favour of Resolutions 5 to 7 are as follows:

- (a) If all of the milestones are achieved and the Performance Rights are converted, 13,200,000 CDIs will be issued and Shareholders will be diluted by approximately 13.44% (based on a current CDIs on issue of 85,037,618 and assuming no Resolutions other than Resolutions 5 to 7 of this Notice are approved).

#### 4.6 Remuneration Committee and Board of Directors Approval

The Company's Remuneration Committee and its Board of Directors approved and recommend the General Meeting of Shareholders to approve the grant of Performance Rights to Messrs Devir, Wachtel and Blumenthal.

The approval and recommendation of the Compensation Committee and the Board of Directors is based on due consideration, among other things, of the following:

- (a) The performance, educational background, prior business experience, qualifications, role and the personal responsibilities of each of Messrs Devir, Wachtel and Blumenthal.

- (b) Alignment of the interests of Messrs Devir, Wachtel and Blumenthal with those of the Company's shareholders in order to enhance shareholder value;
- (c) Providing these key personnel with a structured compensation package, while creating a balance between the fixed components, i.e., the base salaries and benefits, and the variable compensation, such as bonuses and equity-based compensation in order to minimize potential conflicts between their interests and those of the Company;
- (d) Strengthening their retention and their motivation in the short and long term, and keeping it aligned with longer-term strategic plans of the Company and Company's risk management considerations;
- (e) The contribution of Messrs Devir, Wachtel and Blumenthal as key personnel for achieving the Company's long term goals and enhancing its profits;
- (f) The ratio between employer cost associated with the engagement of these key personnel and the average and median employer cost associated with the engagement of the other employees of the Company;
- (g) The Company's nature, size and business and financial characteristics.

In addition, the Compensation Committee and the Board of Directors considered (i) the ratio between the fixed and the variable components of the compensation of each of Messrs Devir, Wachtel and Blumenthal following the grant of the Performance Rights, (ii) the ceiling to the value of the Performance Rights on the date of their grant and (iii) the ratio between the fair market value of the equity-based compensation for each of Messrs Devir, Wachtel and Blumenthal following the grant of the Performance Rights, and their respective annual base remuneration, as determined according to acceptable valuation practices.

For the purpose herein, "fixed compensation" means base salary and benefits, "variable compensation" means cash bonuses and equity based compensation, based on the fair value on the date of grant, calculated annually, on a linear basis, and "total compensation" means the total of the fixed compensation and the variable compensation.

The Compensation Committee and the Board of Directors considered the possibility of determining a ceiling for the exercise value of the Performance Rights and decided, taking into account the purpose of the equity-based compensation, not to set such a ceiling in the grant of these Performance Rights.

The Compensation Committee and the Board of Directors believe that the grant of the Performance Rights fall within a range that expresses the appropriate compensation mix to Messrs Devir, Wachtel and Blumenthal in the event that all the performance objectives are achieved.

#### 4.7 Remuneration and current interests in CDIs

The total cash remuneration for each director for the previous and current financial years is set out below.

Director	Remuneration Year ending 31 December 2019 (US\$)	Remuneration Year ended 31 December 2018 (US\$)

Sharon Devir	109,200	100,649
Boaz Wachtel	42,000	35,084
Adam Blumenthal	42,000	22,431

In the case of Adam Blumenthal, Mr Blumenthal is the Chairman of EverBlu Capital and a major shareholder and controller of EverBlu Capital. Mr Blumenthal is excluded from any resolutions considered by the Board and the Company relating to EverBlu.

The Company confirms that as at the date of this Notice, EverBlu Capital (or its associates, which include Adam Blumenthal) hold 1,271,299 CDIs, no Options and 1,833,333 Performance Rights.

the Company advises the following in relation to EverBlu Capital:

- (a) The fees earned by EverBlu Capital upon listing of the Company totalled \$482,000 in cash fees.
- (b) The fees earned by EverBlu Capital since the Company listed on ASX are \$292,530.

The holdings of each of Messrs Devir, Wachtel and Blumenthal and their associates in the securities of the Company as at the date of this Notice, is set out in Item B of Schedule 1. The holdings of Messrs Devir, Wachtel and Blumenthal if Resolutions 5 to 7 are passed are also set out in Item B of Schedule 1.

#### 4.8 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 3.2 above.

Messrs Wachtel, Devir and Blumenthal are related parties of the Company by virtue of being Directors.

As the issue of Related Party Performance Rights involves the issue of Performance Rights to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### 4.9 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 7:

- (a) the Performance Rights will be issued to Boaz Wachtel, Sharon Devir and Adam Blumenthal (or their nominees);
- (b) the maximum number of Performance Rights to be issued is 13,200,000 as set out in Section 4.1 above;
- (c) the Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Performance Rights will be issued on the terms and conditions set out in Schedule 3; and

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- (e) the Performance Rights will be granted for nil cash consideration; accordingly, no funds will be raised on the date of grant.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Performance Rights to the Related Parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

In the event of an accounting restatement, the Company shall not be entitled to compensation recovery from any of Boaz Wachtel, Sharon Devir and Adam Blumenthal with respect to the Performance Rights granted to them.

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## 5. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF CDIS

### 5.1 General

As announced on 8 February 2019, the Company has entered into a convertible securities agreement with CST Capital as trustee for The CST Investment Fund (**Investor**), whereby the Company has agreed to issue the Investor convertible notes (**Notes**) to raise up to AU\$1.62 million in two tranches, the first in an amount of AU\$0.81 million and the second in an amount of up to AU\$0.81 million subject to the Investor's prior consent (**Convertible Securities Agreement**).

CST Capital LLC is an alternative investment portfolio vehicle with a focus on exchange traded commodity and financial futures and off-exchange derivative contracts. CST Capital is based in the Greater New York area and manages in excess of \$100 million in investments. Roots has engaged CST on an arm's length basis to provide funding.

Further details of the Convertible Securities Agreement are set out in the notice of meeting for the annual general meeting held on 23 May 2019.

In accordance with the terms of the Convertible Securities Agreement, the Company issued the Investor 1,076,924 CDIs on 7 May 2019.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those CDIs.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) 1,076,924 CDIs were issued;
- (b) the CDIs were issued at a deemed issue price of \$0.065 per CDI;

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- (c) the CDIs issued were issued on the same terms and conditions as the Company's existing CDIs;
  - (d) the CDIs were issued to the Investor, who is not a related party of the Company; and
  - (e) no funds were raised pursuant to the issue of these CDIs as funds were extended to the Company upon issue of the convertible notes pursuant to which the CDIs have been issued. However, as set out in the Company's notice of annual general meeting, the Company intends to use the funds raised under the Convertible Securities Agreement to fast track the commercialisation of the Company's RZTO opportunities, and for ongoing working capital.

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## 6. RESOLUTIONS 9 TO 13 – ISSUE OF SHORTFALL OPTIONS TO RELATED PARTIES

As announced to ASX on 17 June 2019, the Company is undertaking a non-renounceable entitlement issue of one (1) Option for every two (2) CDIs held by eligible CDI Holders at an issue price of \$0.04 per Option to raise up to approximately \$1,700,752 (**Entitlement Offer**).

Directors, Mr Boaz Wachtel, Dr Sharon Devir, Mr Adam Blumenthal, Ms Dafna Shalev-Flamm and Mr Graeme Smith would like the opportunity to participate in the shortfall under the entitlement offer (**Shortfall Offer**).

The Company received Shareholder approval for participation by the Directors in the Shortfall Offer at its annual general meeting held on 23 May 2019. As the Options were not issued to the Directors within one month of Shareholder approval, and ASX did not grant the Company a waiver from this requirement, the Company once again seeks the prior approval of Shareholders for the opportunity to participate in the Shortfall Offer.

Accordingly, the Company seeks Shareholder approval for the issue of up to:

- 1,250,000 Options to Mr Wachtel (Resolution 9);
- 1,250,000 Options to Dr Devir (Resolution 10); and
- 6,250,000 Options to Mr Blumenthal (Resolution 11);
- 625,000 Options to Ms Shalev-Flamm (Resolution 12); and
- 150,000 Options to Mr Smith (Resolution 13).

### 6.1 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.



The participation by the Directors in the Shortfall Offer (**Shortfall Participation**) will result in the issue of Options which constitutes giving a financial benefit and Mr Blumenthal, Mr Wachtel, Dr Devir, Ms Shalev-Flamm and Mr Smith are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Wachtel who has a material personal interest in Resolution 9) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 9 because the Options will be issued to Mr Wachtel on the same terms as Options issued to non-related party participants in the Shortfall Offer and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Dr Devir who has a material personal interest in Resolution 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 10 because the Options will be issued to Dr Devir on the same terms as Options issued to non-related party participants in the Shortfall Offer and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Mr Blumenthal who has a material personal interest in Resolution 11) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 11 because the Options will be issued to Mr Blumenthal on the same terms as Options issued to non-related party participants in the Shortfall Offer and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Ms Shalev-Flamm who has a material personal interest in Resolution 12) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 12 because the Options will be issued to Ms Shalev-Flamm on the same terms as Options issued to non-related party participants in the Shortfall Offer and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Mr Smith who has a material personal interest in Resolution 13) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 13 because the Options will be issued to Mr Smith on the same terms as Options issued to non-related party participants in the Shortfall Offer and as such the giving of the financial benefit is on arm's length terms.

## **6.2 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 3.2.

As the Shortfall Participation involves the issue of Options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **6.3 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Shortfall Participation:

- (a) the Options will be issued to Mr Boaz Wachtel, Dr Sharon Devir, Mr Adam Blumenthal, Ms Shalev-Flamm and Mr Graeme Smith (or their nominees), who are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Options to be issued is;

- (i) up to 1,250,000 Options to Mr Wachtel (Resolution 9);
- (ii) up to 1,250,000 Options to Dr Devir (Resolution 10);
- (iii) up to 6,250,000 Options to Mr Blumenthal (Resolution 11);
- (iv) up to 625,000 Options to Mrs Shalev-Flamm (Resolution 12); and
- (v) up to 150,000 Options to Mr Smith (Resolution 13).
- (c) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.04 per Option, being the same as all other Options issued under the Shortfall Offer;
- (e) the Options will be issued on the terms set out in Schedule 4; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Entitlement Offer, being to commercialise the Company's RZTO opportunities, and for working capital.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Shortfall Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

The current interests of each Director in CDIs, Options and Performance Rights is set out in Section 4.6.

Each of the Directors' entitlement to Options under the Entitlement Offer, maximum amount of Options to be issued to each due to their Shortfall Participation and maximum resulting interest in the Company on a fully diluted basis is set out in Item C of Schedule 1.

In addition, Item C of Schedule 1 also sets out the interests of Directors if Resolutions 2 to 4 (inclusive), 5 to 7 (inclusive) and 9 to 13 (inclusive) are approved by Shareholders and the Directors each take up their Option entitlement and their maximum shortfall participation.

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## 7. RESOLUTION 14 – ISSUE OF OPTIONS TO EVERBLU CAPITAL PTY LTD

As detailed in Section 6 above, the Company is undertaking the Entitlement Offer.

The Company has appointed EverBlu Capital Pty Ltd (ACN 612 793 683) (**EverBlu Capital**) as lead manager to the Entitlement Offer.

The Company has agreed to pay EverBlu Capital a lead manager fee of \$15,000 and subject to shareholder approval being obtained, issue EverBlu Capital 3,000,000 Options (**Lead Manager Options**).

The Company received Shareholder approval for the issue of the Lead Manager Options at its annual general meeting held on 23 May 2019. As the Lead Manager Options were not issued to EverBlu within one month of Shareholder approval, and ASX did not grant the Company a waiver from this requirement, the Company once again seeks the prior approval of Shareholders for the issue of the Lead Manager Options.

Resolution 14 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11 in respect of the issue of the Lead Manager Options.

## **7.1 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11**

A summary of Chapter 2E of the Corporations Act is set out in Section 6.1 and a summary of ASX Listing Rule 10.11 is set out in Section 3.2.

The Directors (other than Mr Blumenthal who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Lead Manager Options because the agreement to issue the Lead Manager Options has been reached on arm's length terms.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that EverBlu Capital is a related party of the Company, by virtue of being controlled by Mr Adam Blumenthal. Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company is seeking Shareholder approval for the purposes of ASX Listing Rule 10.11 in respect of the issue of the Lead Manager Options.

## **7.2 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Lead Manager Options:

- (a) the Lead Manager Options will be issued to EverBlu Capital (or its nominee);
- (b) a total of 3,000,000 Lead Manager Options will be issued;
- (c) the Lead Manager Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options will be issued in consideration for lead manager services provided by EverBlu Capital in connection with the Entitlement Offer;
- (e) the Lead Manager Options will be issued on the terms set out in Schedule 4, being the same terms as the Options issued under the Entitlement Offer; and
- (f) as the Lead Manager Options will be issued for nil cash consideration, no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Lead Manager Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Lead Manager Options will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian dollars.

**Articles** means the Company's Amended and Restated Articles of Association.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**CDI Holder** means a holder of CDIs.

**CDIs** means CHESSE Depository Interests issued by CDN, where each CDI represents a beneficial interest in one Share.

**CDN** means CHESSE Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depository of the CDIs under the ASX Settlement Operating Rules.

**Chair** means the chair of the Meeting.

**Company** or **Roots** means Roots Sustainable Agricultural Technologies Ltd (ARBN 619 754 540).

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

**Directors** means the current directors of the Company.

**EverBlu Capital** means EverBlu Capital Pty Ltd ACN 612 793 683.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share with the terms and conditions set out in Schedule 2 or Schedule 2, as appropriate.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**VWAP** means the volume weighted average price of trading of CDIs.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – RELATED PARTY INTERESTS IN SECURITIES

### Current CDI holdings of Directors and associates

As at the date of this Notice, each of the Directors and their associates currently hold the following interests in Company securities as follows (subject to the Notes set out below):

Director	CDIs	Options	Performance Rights
Sharon Devir	2,959,564	430,490	2,000,000
Boaz Wachtel	5,376,777 <sup>1</sup>	850,510	1,000,000
Adam Blumenthal	7,899,937 <sup>2</sup>	Nil	1,833,333
Graeme Smith	Nil	Nil	Nil
Dafna Shalev-Flamm	Nil	Nil	Nil
<b>TOTAL</b>	<b>16,236,278</b>	<b>1,281,000</b>	<b>4,833,333</b>

#### Notes

- 5,298,777 CDIs held by Boaz Wachtel directly and 78,000 CDIs held by his associate International Water & Energy Savers Ltd.
- 916,667 CDIs held directly by Adam Blumenthal, 354,632 held by Anglo Menda Pty Ltd (a company controlled by Adam Blumenthal), 740,625 CDIs held by Franklin International Holdings Pty Ltd <Franklin Intl Holdings A/C> (an associate of Adam Blumenthal for the purpose of the ASX Listing Rules by virtue of this entity being controlled by Alvin Blumenthal, Adam Blumenthal's father), 500,000 CDIs held by Franklin International Holdings Pty Ltd <Account #1> (an associate of Adam Blumenthal for the purpose of the ASX Listing Rules by virtue of this entity being controlled by Alvin Blumenthal, Adam Blumenthal's father), 1,255,188 CDIs held by Horatio Street Pty Ltd <Horatio Street Family A/C> (an entity controlled by Adam Blumenthal's brother, Darrin Blumenthal, but not an associate for the purposes of the ASX Listing Rules), 45,000 CDIs held by Pacific Continental Holdings Pty Ltd (a company controlled by Adam Blumenthal's spouse, Annabelle Blumenthal) and 2,907,981 CDIs held by Suburban Holdings Pty Limited <Suburban Super Fund A/C> (an associate of Adam Blumenthal for the purpose of the ASX Listing Rules by virtue of this entity being controlled by Alvin Blumenthal and his wife Debra Blumenthal, the parents of Adam Blumenthal), 842,344 CDIs held by Landpath Pty Ltd (an entity controlled by Adam Blumenthal's father, Alvin Blumenthal) and 337,500 CDIs held by Terri Wolpert (Adam Blumenthal's sister, not an associate for the purposes of the ASX Listing Rules).

### Item A – Resolutions 2 to 4

Adam Blumenthal, Suburban Holdings and Horatio Street currently hold interests in Company securities as follows:

	CDIs	Performance Rights	Options
Adam Blumenthal	1,271,299 <sup>1</sup>	1,000,000 <sup>2</sup>	Nil
Suburban Holdings	2,907,981	Nil	Nil
Horatio Street	1,255,188	Nil	Nil
<b>TOTAL</b>	<b>5,434,468</b>	<b>1,000,000</b>	<b>Nil</b>

#### Notes

3. This figure includes 916,667 CDIs which are subject to escrow until 6 December 2019 and 354,632 CDIs which are not subject to escrow restrictions.
4. Subject to escrow until 6 December 2019.

If Resolutions only 2 to 4 (inclusive) are approved by Shareholders, the interests of Adam Blumenthal, Suburban Holdings and Horatio Street in CDIs and Options will increase as set out below:

	CDIs	Performance Rights	Options
Adam Blumenthal	5,557,013 <sup>1</sup>	1,000,000 <sup>2</sup>	1,428,571
Suburban Holdings	5,765,124	Nil	952,381
Horatio Street	2,683,760	Nil	476,190
<b>TOTAL</b>	<b>14,005,897</b>	<b>1,000,000</b>	<b>2,857,142</b>

**Notes**

1. This figure includes 916,667 CDIs which are subject to escrow until 6 December 2019 and 354,632 CDIs which are not subject to escrow restrictions.
2. Subject to escrow until 6 December 2019.

**Item B – Resolutions 5 to 7**

Sharon Devir, Boaz Wachtel and Adam Blumenthal currently hold interests in Company Securities as follows:

Director	CDIs	Options <sup>1</sup>	Performance Rights <sup>2</sup>
Sharon Devir	2,959,564 <sup>3</sup>	430,490 <sup>4</sup>	2,000,000 <sup>4</sup>
Boaz Wachtel	5,376,777 <sup>4</sup>	850,510	1,000,000 <sup>4</sup>
Adam Blumenthal	1,271,299 <sup>5</sup>	Nil	1,000,000 <sup>4</sup>
<b>TOTAL</b>	<b>9,607,640</b>	<b>1,281,020</b>	<b>4,000,000</b>

**Notes:**

1. Exercisable at \$0.01 each on or before 30 November 2022.
2. The Performance Rights are subject to the achievement of performance milestones. Further details are set out in the Company's Replacement Prospectus dated 29 September 2017.
3. This figure includes 2,931,564 CDIs which are subject to escrow until 6 December 2019 and 28,000 CDIs which are not subject to escrow restrictions.
4. Subject to escrow until 6 December 2019.
5. This figure includes 916,667 CDIs which are subject to escrow until 6 December 2019 and 354,632 CDIs which are not subject to escrow restrictions.

If Resolutions only 5 to 7 (inclusive) are approved by Shareholders, the interests of Sharon Devir, Boaz Wachtel and Adam Blumenthal in Performance Rights will increase as set out below:

Director	CDIs	Options <sup>1</sup>	Performance Rights <sup>2</sup>
Sharon Devir	2,959,564 <sup>3</sup>	430,490 <sup>4</sup>	6,500,000 <sup>4</sup>
Boaz Wachtel	5,376,777 <sup>4</sup>	850,510	5,500,000 <sup>4</sup>

Adam Blumenthal	1,271,299 <sup>5</sup>	Nil	5,200,000 <sup>4</sup>
<b>TOTAL</b>	<b>9,607,640</b>	<b>1,281,020</b>	<b>16,200,000</b>

**Notes:**

1. Exercisable at \$0.01 each on or before 30 November 2022.
2. The Performance Rights are subject to the achievement of performance milestones. Further details are set out in the Company's Replacement Prospectus dated 29 September 2017.
3. This figure includes 2,931,564 CDIs which are subject to escrow until 6 December 2019 and 28,000 CDIs which are not subject to escrow restrictions.
4. Subject to escrow until 6 December 2019.
5. This figure includes 916,667 CDIs which are subject to escrow until 6 December 2019 and 354,632 CDIs which are not subject to escrow restrictions.

If all of the Performance Rights the subject of Resolutions 5 to 7 convert into CDIs, a total of 13,200,000 CDIs will be issued. This will increase the number of CDIs on issue from 85,037,618 (as at the date of this Notice) to 98,237,618 (assuming that no Options are exercised, no current Performance Rights vest, no convertible notes convert and no other CDIs are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 13.44%.

**Item C – Resolutions 9 to 13**

The current interests in Company securities of Sharon Devir, Boaz Wachtel and Adam Blumenthal are set out in the first table in Item B above. Graeme Smith and Dafna Shalev-Flamm do not currently hold any interests in Company securities.

Each Directors' entitlement to Options under the Entitlement Offer, maximum amount of Options to be issued to each due to their Shortfall Participation and maximum resulting interest in the Company on a fully diluted basis (based on the passing of Resolutions 9 to 13 only) is set out below:

Director	Option Entitlement	Maximum Shortfall Participation (Options)	Maximum interest diluted) <sup>1</sup>	% (fully)
Sharon Devir	1,479,782	1,250,000	5.77% <sup>2</sup>	
Boaz Wachtel	2,399,389	1,250,000	7.93% <sup>3</sup>	
Adam Blumenthal	635,650	6,250,000	7.10% <sup>4</sup>	
Graeme Smith	Nil	150,000	0.11% <sup>5</sup>	
Dafna Shalev-Flamm	Nil	625,000	0.44% <sup>6</sup>	

**Notes**

1. Based on 85,037,618 CDIs currently on issue, 49,109,293 Options being exercised (consisting of 3,590,484 Options currently on issue, 42,518,809 Options to be issued pursuant to the Offer and 3,000,000 Options being issued to EverBlu Capital) and 5,933,333 Performance Rights and 648,000 Convertible Notes converting, assuming a 1:1 basis). Meaning a total diluted capital structure of 140,728,244 CDIs.
2. Based on fully diluted CDI-holding of 8,119,836.
3. Based on fully diluted CDI-holding of 11,165,676.
4. Based on fully diluted CDI-holding of 9,990,282.
5. Based on fully diluted CDI-holding of 150,000.
6. Based on fully diluted CDI-holding of 625,000.



If Resolutions 2 to 4 (inclusive), 5 to 7 (inclusive) and 9 to 13 (inclusive) are approved by Shareholders and the Directors each take up their Option entitlement and their maximum shortfall participation, the interests of the Directors in Company securities will be as follows:

Director	CDIs	Options	Performance Rights	Maximum % interest (fully-diluted) <sup>8</sup>
Sharon Devir	2,959,564	3,160,272 <sup>1</sup>	6,500,000 <sup>2</sup>	5.73%
Boaz Wachtel	5,376,777	4,499,899 <sup>3</sup>	5,500,000 <sup>4</sup>	6.98%
Adam Blumenthal	5,557,013 <sup>5</sup>	8,314,221 <sup>6</sup>	5,200,000 <sup>7</sup>	8.66%
Graeme Smith	Nil	150,000	Nil	0.07%
Dafna Shalev-Flamm	Nil	625,000	Nil	0.28%
<b>TOTAL</b>	<b>13,893,354</b>	<b>16,749,392</b>	<b>16,200,000</b>	

#### Notes

1. Based on current Option holding of 430,490 + Option entitlement of 1,479,782 + maximum shortfall participation of 1,250,000.
2. Based on current Performance Right holding of 2,000,000 + 4,500,000 Performance Rights to be issued pursuant to Resolution 5.
3. Based on current Option holding of 850,510 + Option entitlement 2,399,389 + maximum shortfall participation of 1,250,000.
4. Based on current Performance Right holding of 1,000,000 + 4,500,000 Performance Rights to be issued pursuant to Resolution 6.
5. Based on current CDI holding of 1,271,299 + 4,285,714 CDIs to be issued pursuant to Resolution 2.
6. Based on current Option holding of Nil + 1,428,571 Options to be issued pursuant to Resolution 2 + Option entitlement of 635,650 + maximum shortfall participation of 6,250,000.
7. Based on current Performance Right holding of 1,000,000 + 4,200,000 Performance Rights to be issued pursuant to Resolution 7.
8. Based on 86,148,730 CDIs currently on issue, the issue, and conversion / exercise where applicable, of all of the securities the subject of this Notice, the exercise of 49,711,793 Options currently on issue, 42,518,809 Options being issued (and exercised) pursuant to the Company's recent entitlement offer and 5,933,333 Performance Rights and 598,000 Convertible Notes converting (assuming a 1:1 basis). Meaning a total diluted capital structure of 220,113,046 CDIs.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF THE OPTIONS

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(a) **Entitlement**

Each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share (**Share**) in the capital of Roots Sustainable Agricultural Technologies Ltd (**Company**) upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors,

the Company must no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, an Option does not confer the right to a change in Exercise Price.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 3 – PERFORMANCE RIGHTS TERMS AND CONDITIONS

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- (a) **(Entitlement)** Each Performance Right entitles the holder (**Holder**) to subscribe for one CDI upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone (defined below) or lapse of a Performance Right where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Rights into CDIs, the Company must apply for the official quotation of a CDI issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of CDIs such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### *Conversion of the Performance Rights*

- (a) **(Milestone)** A Performance Right in the relevant class will be able to be converted into a CDI by a Holder subject to satisfaction of:
- (i) **(Class E):** the Company:
- (A) acquiring a business in the agricultural and/or cannabis or hemp sector which contributes to the Company's gross revenue by a minimum of 10% within 12 months from acquisition of the relevant business (**Acquisition**); and
- (B) following completion of the Acquisition, the Company's CDIs trading at a 20-day VWAP of A\$0.12 or more,
- within 36 months of the date of issue of the Performance Rights (**Milestone E**);

- (ii) **(Class F)**: the Company recording gross revenue of \$500,000 as a result of:
- (A) expansion into the US cannabis market; and/or
  - (B) sales in Israel,
- with a minimum of 20% of sales incoming being derived from either the US cannabis market or sales in Israel, within 24 months of the date of issue of the Performance Rights (**Milestone F**); and
- (iii) **(Class G)**: the Company installing:
- (A) four (4) RZTO systems for cannabis or hemp clients globally; and
  - (B) two (2) additional RZTO system installations in the Asian market,
- within 18 months of the date of issue of the Performance Rights (**Milestone G**),

(together, the **Milestones**).

- (b) **(Conversion Notice)** A Performance Right may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is 3 years from the date of issue of the Performance Right.
- (c) **(Conversion Price)**: The amount payable upon conversion of a Performance Right to a CDI will be NIS0.02 per CDI.
- (d) **(Lapse)** If the Milestone is not achieved by the required date, then the relevant Performance Right will automatically lapse.
- (e) **(Issue of CDIs)** The Company will issue the CDI on conversion of a Performance Right within 10 business days following the conversion or such other period required by the ASX Listing Rules.
- (f) **(Holding statement)** The Company will issue the Holder with a new holding statement for any CDI issued upon conversion of a Performance Right within 10 business days following the issue of the CDI.
- (g) **(Ranking upon conversion)** The CDI into which a Performance Right may convert will rank pari passu in all respects with existing CDIs.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF THE OPTIONS

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(a) **Entitlement**

Each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share (**Share**) in the capital of Roots Sustainable Agricultural Technologies Ltd (**Company**) upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.12. (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, an Option does not confer the right to a change in Exercise Price.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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