

3 April 2020

## Update on USA Operations

Further to recent announcements in regard to the review of operations and financial situation currently being undertaken by CropLogic Limited (**ASX:CLI**) (**CropLogic** or **Company**), the Company can now announce that it has agreed settlements of its disputes with NW Ag Solutions LLC and Bradley V. Shephard and Stanley V. Shephard, and has dissolved two of its wholly owned subsidiaries in the USA, ProAg CropLogic LLC and LogicalCropping LLC.

As announced on 14 February 2020 NW Ag Solutions LLC ('NWAS'), a provider of agricultural services to LogicalCropping had placed a lien over the hemp crop, and Bradley V. Shephard and Stanley V Shephard (Shephard Bros), a landlord to LogicalCropping had advised of their potential intention to place a lien over the hemp crop. As announced at the time, the Company disputed elements of NW Ag Solutions LLC claim. The Bradley V. Shephard and Stanley V. Shephard leases are for approximately 2 further years.

The Company has agreed a settlement where NWAS and the Shephard Bros will each receive 50% of the entire 2019 hemp crop including the trimmed flower. As announced on 14<sup>th</sup> February 2020, the hemp market and prices are volatile and therefore subject to change however the Company had attributed a value on the 2019 hemp crop at that time in the range of AU\$580,000 (low estimate) to AU\$2,090,000 (high estimate) with a mid-point of AU\$1,300,000, with the Company adopting the mid-point of AU\$1,300,000 for accounting purposes. Thus NWAS and Shephard Bros will each receive the equivalent of AU\$650,000 in the agreed settlement, and the liens are effectively removed.

NWAS and the Shephard Bros will also receive an approximately USD\$15,000 payment for third party costs related to completion of the reparation of the fields. Remaining equipment, mostly related to cultivation of hemp, will also be divided between the NWAS and Shephard Bros. Considering CropLogic does not intend to crop Hemp this season or in the immediate future, and recognising the current state of the hemp industry generally, this was determined by the CropLogic Board to be a suitable resolution for all involved. This allows CropLogic to focus on future opportunities where its agronomy, farm management and agtech expertise can be applied, including a review of suitable assets in Australia and the USA.

Furthermore, with the reduction of operations in the USA as a result of the review of operations and financial situation, two wholly owned subsidiaries have become redundant and have therefore been dissolved. These are ProAg CropLogic LLC, a Washington State company and LogicalCropping LLC, an Oregon State company.

This announcement can be found on the ASX platform at [asx.com.au](https://www.asx.com.au/asx/cli) (ASX: CLI) and on the Company's website at <https://croplogic.com/>.

This announcement has been authorised by the Board of CropLogic Limited

Sebastian Andre

Company Secretary  
**CropLogic Limited**