

15 December 2017

## **Chairman's letter and Notice of Extraordinary General Meeting**

Further to its announcement on 29 November 2017, Murray River Organics Group Limited (ASX: MRG) (**Company**) has convened an Extraordinary General Meeting of the Company to be held at 11:00am on 24 January 2018 following receipt of a notice under section 249D of the Corporations Act 2001.

Attached to this announcement is a letter from the Chairman of the Company, Mr Craig Farrow, and the Notice of Extraordinary General Meeting sent to shareholders today, together with director statements from Craig Farrow, Lisa Hennessy and Ken Carr.

The Company has not received a member's statement from the requisitioners of the meeting.

ENDS

For further information contact:

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### **About Murray River Organics**

Murray River Organics Group Limited (ASX: MRG) is a leading Australian producer, manufacturer, marketer and seller of certified organic, natural and better-for-you food products. We service the organic, natural and healthy food and snack market globally. Our customers include industrial customers (such as cereal manufacturers, bakeries and confectionary manufacturers), retail customers (such as supermarkets, organic food stores, mass-market, e-commerce retailers and convenience stores) and food service channels (such as specialty and natural food distributors). We operate both in the domestic and international markets, with customers in 26 countries.

For further information please visit [www.murrayriverorganics.com.au](http://www.murrayriverorganics.com.au)

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15 December 2017

**IMPORTANT LETTER TO SHAREHOLDERS ON RESOLUTIONS  
PROPOSED BY TWO MINORITY SHAREHOLDERS**

Dear Fellow Shareholder,

As announced to the market on 23 and 29 November 2017, your Company received paperwork from two minority shareholders – BLBD Pty Ltd and Meredith Nominees Pty Ltd (the **Meredith Group**) – seeking the removal of all your Directors and replacing them with three of their own nominees.

While the Meredith Group only has a relevant interest in 5.39% of the issued shares in your Company, the items of business requisitioned by them have the potential to significantly impact you and all our Company's shareholders.

Your Directors unanimously recommend you **VOTE AGAINST** all resolutions proposed by the Meredith Group for the following seven reasons:

- 1) The proposed resolutions represent an attempt by the Meredith Group to control your Board and take effective control of your Company.
- 2) All three Directors proposed by the Meredith Group do not have the requisite public company experience to act as Directors of your Company.
- 3) Your Board has concerns that two of Meredith Group's three proposed directors – Steven Si and Andrew Monk – may not be independent directors.
- 4) In contrast to your Board, the Meredith Group's proposed Directors have not provided any evidence that they have a strategic vision for your Company.
- 5) Your Board is concerned that the proposed resolutions are prompted by an attempt by former management, whom your Board considers primarily responsible for your Company's poor performance, to re-exert their influence over your Company and gain control without making a formal takeover offer.
- 6) Your current Directors are all highly qualified and experienced. The proposed resolutions would remove these experienced directors and result in a significant loss of corporate knowledge.
- 7) Shareholder value will be best preserved and grown by maintaining a stable and co-operative Board with the right skills and a cohesive vision of your Company's strategy.

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Attachment 1 to this letter provides the detailed reasons for your Directors' recommendations outlined on page 1. Attachment 2 provides a statement outlining that no material has been submitted by the Meredith Group, and Attachment 3 provides the Notice of Meeting, with all resolutions included.

## Resolutions put forward by the Meredith Group

### **YOUR BOARD UNANIMOUSLY RECOMMENDS VOTING AGAINST ALL THE MEREDITH GROUP'S RESOLUTIONS (1 TO 7)**

All your Directors believe they are best equipped to continue acting in the best interests of all shareholders and will, in respect of their own shareholdings, be voting **AGAINST** the resolutions proposed by the Meredith Group (resolutions 1 to 7).

Please note that Thorney Investment Management, the largest shareholder with 16%, has informed the Company that it intends to vote against the resolutions proposed by the Meredith Group.

Furthermore, in the event the Meredith Group's proposed resolutions are successful, Thorney Investment Management has indicated that it reserves its rights / abilities to take its own actions regarding calling another General Meeting or otherwise to redress the effect of those resolutions and/or recommend alternate resolutions for the benefit of the Company and its shareholders.

Also consider that your new CEO, George Haggard, made an informed and conscious decision to join MRG for two reasons: 1) the challenge that the CEO role at MRG presented; and 2) the positive dynamics between him and your current Board and leadership team. As such, a complete change of your Board that would see the removal of your current Directors could have an impact on the senior leadership of your Company.

## Two further resolutions put forward by your Board

Further to the AGM a few weeks ago, your Board has identified and nominated two outstanding new Directors to broaden the Board's skills and experience and further support the new management team in returning Murray River Organics to growth: Mr Anastasis (Taso) Kourou and Mr Alan Fisher.

### **YOUR BOARD UNANIMOUSLY RECOMMENDS VOTING FOR THE RESOLUTIONS APPOINTING MR KOUROU AND MR FISHER TO THE BOARD (RESOLUTIONS 8 AND 9)**

Alan brings formidable expertise and several examples of creating strategies to increase shareholder return and leverage capability within public companies. While Taso is well known in the industry for his extensive sector experience across supply chain and logistics, procurement at a grower level, manufacturing, integrated business planning and customer service.

The Board unanimously recommends that you vote **FOR** resolutions 8 and 9.

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## Meeting and voting information

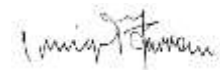
The Meeting will be held Wednesday, 24 January 2018 in "Yarra Falls", Computershare's conference centre at 452 Johnston Street, Abbotsford, Victoria 3067. Further information is set out in the attached Notice of Meeting.

**The outcome of the Meeting will depend on you, our valued shareholders. Your Board strongly encourages you to vote at the Meeting in person or by proxy.**

Proxy forms must be received by the Company online, by fax or by post before 11:00am (AEDT) on Monday 22 January 2018 to be valid. See the attached proxy form for further information on lodgment.

If you have any queries please call George Haggar, CEO, on (03) 8792 5800.

Yours sincerely,



**Craig Farrow**  
Chairman

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## Attachment 1

### Your Director's recommendations

Your Directors make their voting recommendations based on the following seven reasons:

- 1) The proposed resolutions represent an attempt by the Meredith Group to control your Board and take effective control of your Company.
- 2) All three Directors proposed by the Meredith Group do not have the requisite public company experience to act as Directors of your Company.
- 3) Your Board has concerns that two of Meredith Group's three proposed directors – Steven Si and Andrew Monk – may not be independent directors.
- 4) In contrast to your Board, the Meredith Group's proposed Directors have not provided any evidence that they have a strategic vision for your Company.
- 5) Your Board is concerned that the proposed resolutions are prompted by an attempt by former management, whom your Board considers primarily responsible for your Company's poor performance, to re-exert their influence over your Company and gain control without making a formal takeover offer.
- 6) Your current Directors are all highly qualified and experienced. The proposed resolutions would remove these experienced directors and result in a significant loss of corporate knowledge.
- 7) Shareholder value will be best preserved and grown by maintaining a stable and co-operative Board with the right skills and a cohesive vision of your Company's strategy.

### 1. The proposed resolutions represent an attempt by the Meredith Group to control your Board and take effective control of your Company.

The Meredith Group intends to opportunistically take effective control of your Company. If elected, their proposed board members will make up your entire board and possess the ability to completely control the ongoing strategy and policies of your Company. Those directors could also then appoint other directors which would highly likely further accentuate this outcome.

Your new CEO, George Haggard, made an informed and conscious decision to join MRG for two reasons:

1) the challenge that the CEO role at MRG presented; and 2) the positive dynamics between him and your current Board and leadership team. As such, a complete change of your Board that would see the removal of your current Directors could have an impact on the senior leadership of your Company.

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**2. All three of the Directors proposed by the Meredith Group do not have the requisite public company experience to act as Directors of your Company**

The Meredith Group's proposed candidates are Andrew Robert Monk, Steven Si and Keith Anthony Mentiplay.

These three people, on paper, appear to be weak candidates for your Board. None have the equivalent company directorship experience of your current directors, or appear to have any listed company directorship experience – something that should be of immediate concern to all shareholders from a basic governance perspective.

In addition, the Meredith Group has not provided any information on whether any probity checks have even been undertaken on their nominees.

As a result, we have no idea whether the three Meredith Group candidates are even aware of how to comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to ensure your interests are treated equally to those of the Meredith Group.

**3. Your Board has concerns that two of Meredith Group's three proposed directors – Steven Si and Andrew Monk – may not be independent directors.****Steven Si**

Your Board has concerns that Steven Si is not independent. Your Directors understand that Mr Si has a connection with SHWL Holdings Pty Ltd (SHWL). Among other things, he was a director of that company between 2 November 2017 and 29 November 2017.

SHWL owns approximately 11.6% of the issued shares in your Company. It voted against your Board's proposed resolutions at the recent AGM (resolutions that Erling Sorensen had initially supported in his role as Managing Director & CEO, and then subsequently voted against at the AGM when he provided his associated proxies to Jamie Nemtsas).

Your directors further understand that Mr Si is the controlling owner of Kadac Pty Ltd (Kadac), a food wholesaler and key competitor of your Company.

Your Board has concerns that the interests of our shareholders, as a whole, may not be best served by having nominees who have an association with SHWL and Kadac.

**Andrew Monk**

Andrew Monk, is the Chair of Australian Certified Organics, to which your Company is accountable for organic food certifications. Your Board considers that our Company should be (and be perceived to be) at arms-length from Australian Certified Organics, and believes Australian Certified Organics, the market and our customers would expect the same so as not to undermine your Company's reputation or brand or that of the industry certifying organisation.

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**4. In contrast to your Board, the Meredith Group's proposed Directors have not provided any evidence that they have a strategic vision for your Company.**

Unlike the plan your Board has outlined publicly and is progressing (see point 7 for a summary), **the Meredith Group and their proposed Directors have not declared any specific intentions or outlined any strategy for the future growth of your Company.**

**5. Your Board is concerned that the proposed resolutions are prompted by an attempt by former management, whom your Board considers primarily responsible for your Company's poor performance, to re-exert their influence over your Company and gain control without making a formal takeover offer.**

It is extraordinary that entities with relevant interests in approximately 5% of the issued shares of your Company would seek to appoint all members of the board of your Company.

Your Board is concerned that there is a connection between the Meredith Group and former members of management of your Company – Jamie Nemtsas and Erling Sorensen.

The Company grew from the Nemtsas family and the wealth management firm that Mr Nemstas and Mr Sorensen co-owned (currently involved in legal proceedings quite separate to your company).

As disclosed to ASX in August 2017, Mr Nemtsas resigned as Chief Operating Officer, and in November 2017 Mr Sorensen resigned as Managing Director & CEO. Their resignations were tendered in the context of poor performance, including operational and reporting errors that ultimately caused a \$13 million cash impact to your Company, a \$6.1 million inventory write-down, and led to your Company having to issue an unexpected earnings downgrade in May and raise extra capital in August to strengthen its financial position.

Following previous management's notification of these issues to your Board, your independent Directors took decisive action to ensure the continued viability of the business, including:

- Successfully completing a necessary capital raising to shore up your Company's financial position, following the \$13 million cash impact from the delay of harvest, harvesting grapes as clusters, and \$6.1 million of inventory write-downs
- Changing your Company's leadership, with the departure of both Jamie Nemtsas and Erling Sorensen
- Undertaking an external independent investigation (which is continuing) into practices and behaviours that led to the inventory write-downs, operational challenges and reporting deficiencies
- Appointing George Haggart as CEO, a highly experienced senior executive with a successful track record in the food and agricultural sector
- Appointing both a new auditor and Ken Carr as an independent non-executive Director to fill vacancies caused by the vote against the auditor and director re-elections by the Meredith Group and entities associated with Jamie Nemtsas and Erling Sorensen (excluding these four parties, the auditor and director re-election resolutions would have received overwhelming support).

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The resolutions proposed by the Meredith Group are consistent with a proposal presented by Jamie Nemtsas to your Chairman on 30 October 2017 that outlined:

- appointing Jamie Nemtsas, Andrew Monk and Steven Si (among others) to your Board
- re-appointing Jamie as Chief Operations Officer and acting CEO
- considering the purchase or merger of Kadac from Steven Si.

Two candidates proposed by Mr Nemtsas are now being proposed by the Meredith Group in the Notice, including Steven Si, the controlling owner of Kadac.

Your Company's lawyers wrote to the Meredith Group noting these similarities and asking whether the parties are associated with one another. The Meredith Group denied any association, and declared the similarities to be a "coincidence".

Jamie Nemtsas and Erling Sorensen are also significant shareholders in your Company. Your Board is concerned that by the Notice, Meredith, SHWL, Jamie Nemtsas and Erling Sorensen are trying to gain control and re-exert their influence over your Company without making a takeover offer.

At the recent AGM, the Meredith Group, SHWL, and Jamie Nemtsas voted consistently with one another. Of particular note, was that Jamie Nemtsas was appointed as the proxy holder for shares held by Erling Sorensen's associate (his wife), despite Mr Sorensen making numerous comments previously about Mr Nemtsas' inadequate operational capabilities. If the votes of the Meredith Group, SHWL, Jamie Nemtsas, and Erling Sorensen were excluded from the AGM voting, all resolutions would have passed resoundingly.

#### **6. Your current Directors are all highly qualified and experienced. The proposed resolutions would remove these experienced directors and result in a significant loss of corporate knowledge**

See the attached statements from Craig Farrow, Lisa Hennessy and Ken Carr which outline their experience, commitment, passion and vision for the company. Also see resolutions 8 and 9 for the nominations of two additional non-executive directors – Mr Anastasis (Taso) Kourou and Mr Alan Fisher – who bring with them a wealth of experience creating shareholder value. We urge you to vote for their appointment to the Board via resolutions 8 and 9 respectively.

#### **7. Shareholder value will be best preserved and grown by maintaining a stable and co-operative Board with the right skills and a cohesive vision of your Company's strategy.**

Your Company is served by an existing Board of experienced independent directors who were elected by shareholders to lead the Company and represent their interests as a whole.

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Craig Farrow, Lisa Hennessy and Ken Carr bring to your Board executive and non-executive directorship experience from significant ASX-listed and international companies. They are focused on bringing stability to your Company and delivering long term value to all shareholders. Detailed profiles of each non-executive director are included in explanatory statements to the Notice of Meeting, attached to this letter.

Your Board considers that the replacement of its existing independent directors with candidates nominated by the Meredith Group would impact negatively on public perceptions of your Company, at a time when stability, corporate knowledge and ongoing accountability are required. In particular, the loss of current Company knowledge is likely to be significant if your directors were removed.

As detailed in your Company's AGM presentation on 22 November 2017, your Board has developed a strong and positive plan for 2018 and is committed to rebuilding confidence with key stakeholders - our customers, suppliers and investors. See below for an overview.

Do not forget that we are uniquely positioned to take advantage of the continuing global trend of consumers demanding more organic and healthy food products.

Murray River Organics is Australia's leading vertically integrated organics producer and a leading manufacturer, marketer and seller of certified organic, natural and better-for-you food products. We have a maturity profile of planted acreage that should see our production of certified organic dried vine fruit nearly double in the coming four years, and we own significant farmland to cater for future growth.

Your Company has an enviable asset base that, with the right execution, should deliver strong returns for all shareholders.

To that end, your Board's plan includes the appointment of additional non-executive directors. It has identified Mr Anastasis (Taso) Kourou and Mr Alan Fisher as appropriate non-executive directors. The Company has included resolutions 8 and 9 seeking their appointment to the Board to be considered at the EGM.

## 2018 Strategy Overview

We have a clear plan to consolidate our asset base and improve operational performance across every element of the supply chain. We are excited by the prospect of seeing our Company, Murray River Organics, return to growth. Your new CEO, George Haggard, has confirmed a range of outcomes as part of his 100-day plan which will advance the 2018 strategy across five key themes: people and culture, sales and market, operations, financials and growth.

In 2018 we aim to substantially transform from the challenging 2017 season. This will entail:

- Smarter farm management practices and agronomy to better match weather / climate conditions
- Post-harvest fruit storage, handling, and quality control will fully transition to our new Mourquong facility
- Packing activity and sales and operations planning will be based on better data and processes
- Current customer offer will be critically evaluated with an expected shift away from commodities, in favour of organic snacking convenience packs

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- All existing sales channels will be critically evaluated to realign effort into higher margin markets.

The Board remains confident with the Company's asset base, its vision, the market thematic around healthy and organic food, and is looking forward to your new CEO, George Haggard, driving improved performance. George will present a more detailed overview of the future direction following his first 100 days in office. However, our core asset base is very strong which provides a solid foundation for us to build a sustainable path forward to future success.

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## Attachment 2

The Meredith Group has not submitted any material to be included with the Notice of Meeting requisitioned by them to replace your entire Board with their own nominees.

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## Attachment 3

Notice of Meeting

Resolutions

Directors' statements

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**MURRAY RIVER ORGANICS GROUP LIMITED**  
**ABN 46 614 651 473**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

As announced on the ASX on 29 November 2017, Murray River Organics Group Limited (the **Company**) has received a notice from BLBD Pty Ltd and Meredith Nominees Pty Ltd (the **Meredith Parties**), who together hold a relevant interest in 5.39% of the shares in the Company, to requisition a general meeting of the Company under section 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Pursuant to the requisition from the Meredith Parties and the Corporations Act, NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at "Yarra Falls" Computershare Conference Centre, 452 Johnston Street, Abbotsford, Victoria 3067 on Wednesday, 24 January 2018, commencing at 11.00am (Melbourne time).

This Notice of Meeting and the resolutions should be read in conjunction with the Notes and Explanatory Statement which accompany, and form part of, this Notice.

**AGENDA**

**SPECIAL BUSINESS PROPOSED BY MEREDITH PARTIES**

**Resolution 1 – Removal of Craig Lehmann Farrow as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to section 203D of the Act, Mr Craig Lehmann Farrow be and is hereby removed from office as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed."*

**Resolution 2 – Removal of Lisa Ray Hennessy as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to section 203D of the Act, Ms Lisa Ray Hennessy be and is hereby removed from office as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed."*

**Resolution 3 – Removal of Dr Ken Carr as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to section 203D of the Act, Dr Ken Carr be and is hereby removed from office as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed."*

**Resolution 4 – Removal of unspecified persons as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to section 203D of the Act, any person appointed as a director of the Company on or after 23 November 2017 until the commencement of the general meeting at which this resolution is passed be removed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed."*

**Resolution 5 – Election of Andrew Robert Monk as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Mr Andrew Robert Monk, having consented to act, be and is hereby appointed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed."*

#### **Resolution 6 – Election of Steven Si as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That Mr Steven Si, having consented to act, be and is hereby appointed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed.”*

#### **Resolution 7 – Election of Keith Anthony Mentiplay as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That Mr Keith Anthony Mentiplay, having consented to act, be and is hereby appointed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed.”*

#### **SPECIAL BUSINESS PROPOSED BY THE BOARD**

#### **Resolution 8 – Election of Anastasis (Taso) Kourou as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That Anastasis (Taso) Kourou, having consented to act, be and is hereby appointed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed.”*

#### **Resolution 9 – Election of Alan Fisher as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That Alan Fisher, having consented to act, be and is hereby appointed as a director of the Company with effect from the end of the general meeting of the Company at which this resolution is passed.”*

#### **NO STATEMENT FROM THE MEREDITH PARTIES**

The Meredith Parties have not supplied the Company with any statement to be circulated to shareholders in relation to the items of business set out in resolutions 1 to 7 inclusive.

#### **BOARD RECOMMENDATION AGAINST ALL ITEMS OF BUSINESS PROPOSED BY MEREDITH NOMINEES**

The Board does not support the items of business proposed by the Meredith Parties and recommends that shareholders vote **AGAINST** all of the resolutions proposed by them.

#### **BOARD STATEMENT REGARDING RESOLUTIONS 8 AND 9**

As announced on the ASX on 24 November 2017, the Board has been seeking to appoint two additional Non-Executive Directors to the Board. However, having regard to the resolutions proposed by the Meredith Parties, the Board has been delayed in progressing any such appointment. The Board now proposes the appointment of Taso Kourou and Alan Fisher, having received their consents to act, as Directors of the Company, to broaden and enhance the skill set of the Board.

Further information about Mr Kourou and Mr Fisher is set out in the Explanatory Statement attached to this Notice.

The Board recommends that shareholders vote **IN FAVOUR OF** resolutions 8 and 9.

#### **FURTHER INFORMATION**

If you have any questions in relation to the upcoming Meeting, please contact the Company’s Shareholder Information Line (Computershare) on 1300 850 505 (callers in Australia) or +61 3 9415 5000 (callers outside Australia) between 9.00am and 5.00pm (AEDT), Monday to Friday.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Statement.

By Order of the Board and dated this 15th day of December 2017

IAN SINCLAIR  
Company Secretary  
Murray River Organics Group Limited



## NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

These notes form part of the Notice.

### How to Vote

If you wish to vote on the resolutions contained in this Notice, you should either attend the Meeting or appoint a proxy or proxies to attend on your behalf.

### Voting entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the Company's share register at 7.00pm (Melbourne time) on Monday, 22 January 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### Proxies and Company representatives

1. A proxy form is enclosed. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one proxy, or, if the shareholder is entitled to cast two or more votes at the Meeting, not more than two proxies to attend and vote instead of the shareholder at the Meeting.
2. If a shareholder appoints one proxy, that proxy may vote on a show of hands.
3. If a shareholder appoints two proxies neither may vote on a show of hands. However, if you appoint two proxies to represent you at the Meeting, you may show in the space provided either the percentage of your shareholding or the number of votes (you are entitled to one vote for each share you own upon a poll being declared) each proxy is appointed to represent. If you do not complete this section then each proxy may, on a poll, vote half of your shareholding. A separate proxy form must be submitted for each proxy you appoint.
4. A proxy need not be a shareholder of the Company and may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate.
5. To be valid, the duly signed proxy form together with the Power of Attorney or other authority under which the proxy form is signed (if any) or a certified copy of the Power of Attorney or other authority (if any) must be received at the share registry of the Company, Computershare Investor Services Pty Limited, at the address or facsimile number below by 11.00am (Melbourne time), Monday, 22 January 2018, being not later than 48 hours before the time of the commencement of the Meeting:

By facsimile	Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
By mail	Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001
In person	Computershare Investor Services Pty Limited "Yarra Falls", 452 Johnston Street Abbotsford Victoria 3067
Online	by going to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or by scanning the QR code, found on the enclosed Proxy Form, with your mobile device. Intermediary Online subscribers may go to <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>
6. Signing Proxies
  - (i) Joint Holding - All joint holders must sign the proxy form.
  - (ii) Body corporates - Companies must execute the proxy form in accordance with the Corporations Act, the body corporate's constitution or by attorney.
  - (iii) Individual - The shareholder or their attorney must sign the proxy form.
7. A shareholder which is a body corporate and entitled to attend and vote at the Meeting, or a proxy which is a body corporate and is appointed by a shareholder entitled to attend and vote at the Meeting, may appoint an individual to act as its representative at the Meeting by providing that person with a letter or certificate,

executed in accordance with the Corporations Act or the body corporate's constitution, authorising the person as the representative; or a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairman, must be produced prior to admission to the Meeting.

## EXPLANATORY STATEMENT TO SHAREHOLDERS

This Explanatory Statement provides Shareholders of the Company with information in respect of the resolutions contained in the accompanying Notice to be considered at the Extraordinary General Meeting of the Company to be held at "Yarra Falls" Computershare Conference Centre, 452 Johnston Street, Abbotsford, Victoria 3067 on Wednesday, 24 January 2018 at 11.00am (Melbourne time). Shareholders should carefully review this Explanatory Statement and the associated Notice to which this Explanatory Statement is attached.

Resolutions 1 to 7 inclusive have been requisitioned by BLBD Pty Ltd and Meredith Nominees Pty Ltd (the **Meredith Parties**) which have relevant interests in 5.39% of the shares in the Company.

The Board does not support the resolutions 1 to 7 inclusive proposed by the Meredith Parties, as set out in the Notice of Meeting, and recommends that shareholders **VOTE AGAINST** those resolutions. The Board recommends that shareholders **VOTE FOR** resolutions 8 and 9.

***If you have difficulty in properly understanding this documentation, you should consult your financial or legal adviser.***

### 1. AGENDA ITEMS 1, 2 AND 3 – REMOVAL OF EXISTING DIRECTORS

The Meredith Parties are seeking to remove the Company's independent non-executive directors from the Board, being Craig Lehmann Farrow, Lisa Ray Hennessy and Dr Ken Carr and to remove any person appointed as a director up to the commencement of the Meeting.

For the reasons detailed in Attachment 1 to the Chairman's letter to shareholders dated 15 December 2017, the Board unanimously recommends that you **VOTE AGAINST** resolutions 1, 2 and 3.

Profiles demonstrating the qualifications and experience of Mr Farrow, Ms Hennessy and Dr Carr follow.

#### **CRAIG LEHMANN FARROW**

Craig Farrow has served on the Board since inception in 2016 as Chairman and as an independent Non-Executive Director. Mr Farrow also sits on the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.

Mr Farrow is a chartered accountant and a founding partner of Brentnalls SA in Adelaide and is now its Chairman, having 25 years' experience in the accounting and advisory services profession. As a professional company director, Craig is a Fellow of the Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Australian Institute of Management.

Craig serves on the boards of a number of listed and unlisted companies and is currently Deputy Chairman of Vocus Communications Ltd, Chairman / Partner of Brentnalls SA Chartered Accountants, Chairman of Tonkin Consulting Pty Ltd, Doctors Health SA Limited, General Practice SA and Non-Executive Director of Bulletproof Group Ltd, Centre State Exports Pty Ltd, Petrosys Pty Ltd and the Accounting Professional and Ethics Standards Board. Craig also has a deep knowledge of the agribusiness sector (Farming, Forestry, Rural Merchandise, Consultancy and Grain Marketing). He currently sits on a number of farm advisory boards and is currently Chairman of Australian Independent Rural Retailers.

Craig holds a Bachelor of Economics from the University of Adelaide, a Diploma of Financial Services and a Graduate Diploma from the Australian Institute of Company Directors.

#### **LISA RAY HENNESSY**

Lisa was appointed as a Non-Executive Director of the Company in September 2016. She is the Chairman of the Remuneration and Nominations Committee and sits on the Audit and Risk Management Committee.

Lisa's 30-year career spans four continents, and includes Non-Executive Director and Executive roles within Del Monte Foods, General Electric and Bain & Co among others. Lisa's expertise lies in the areas of manufacturing, corporate strategy, acquisitions and performance management, primarily in the packaged foods, consumer goods, manufacturing, and finance industries. Lisa has governance experience in listed and unlisted companies in Australia and the USA.

Lisa is currently a Non-Executive Director of FirstStep Financial Investments Pty Ltd, The Gawler Cancer Foundation, and a Member of the Board of Directors of the Harvard Alumni Association as Director for Australasia.

Lisa holds a Masters in Business Administration from Harvard Business School, a Bachelor of Science Electrical Engineering (Hons) from Purdue University and is a graduate of the Australian Institute of Company Directors.

#### **DR KEN CARR**

Ken Carr was appointed to the Board on 23 November 2017.

Dr. Carr is a seasoned Non-Executive Director and Chair, having been CEO/MD of five ASX listed companies primarily in the banking, health, and technology sectors and a Non-Executive Director of three others, including two as Chair. Dr. Carr has also been a director of both public and private companies in Australia, USA, Canada, India, and UK.

Dr Carr is currently Chair of Field Solutions Holdings Limited (ASX: FSG) and on the boards of Bulletproof Limited (ASX:BPF) Automotive Solutions Group Limited (ASX:4WD) and Wakenby Limited (ASX:WAK). His previous executive roles were primarily in recovery positions of public companies, where his record on increasing shareholder return is enviable. The companies he managed collectively increased shareholder value by over \$240m during his tenure or by sale afterwards. Ken has strong governance skills and with much experience and expertise in Strategy, Audit and Compliance, IT/Digital Strategy and Loyalty Marketing.

Dr. Carr holds a Doctor of Business Administration and Master of Business Administration from International Management Centre, Buckingham, and is a Fellow of the Australian Institution of Company Directors.

## **2. AGENDA ITEM 4 – RESOLUTION 4 – REMOVAL OF ADDITIONAL DIRECTORS**

The Meredith Parties are seeking to remove any person appointed as a Director of the Company on and from 24 November 2017 until the commencement of the Meeting.

For the reasons detailed in Attachment 1 to the Chairman's letter to shareholders dated 15 December 2017, the Board unanimously recommends that you **VOTE AGAINST** resolution 4.

## **3. AGENDA ITEMS 5, 6 AND 7 – RESOLUTIONS 5, 6 AND 7 – ELECTION OF DIRECTORS NOMINATED BY THE MEREDITH PARTIES**

The Meredith Parties have nominated three people to be elected as Non-Executive Directors of the Company, being Andrew Robert Monk, Steven Si and Keith Anthony Mentiplay. No information on any of the candidates has been supplied by the Meredith Parties.

For the reasons detailed in Attachment 1 to the Chairman's letter to shareholders dated 15 December 2017, the Board unanimously recommends that you **VOTE AGAINST** resolutions 5, 6 and 7.

## **4. AGENDA ITEMS 8 AND 9 – RESOLUTIONS 8 AND 9 – ELECTION OF DIRECTORS NOMINATED BY THE BOARD**

The Board has been conducting a thorough and expansive search for additional non-executive directors suitably qualified for appointment to the Board of the Company for some months. The Board believes that the appointment of Taso Kourou and Alan Fisher is advantageous to the Company through the additional breadth of experience and knowledge of the nominees.

The Board unanimously recommends that you **VOTE FOR** resolution 8 and 9.

#### **TASO KOUROU**

Taso Kourou is a highly experienced operations executive which places him in a strong position to add significant value to the Board. In his 25-year career he has worked across a variety of sectors including food manufacturing, food service distribution and packaging. He has a deep knowledge of all elements of food manufacturing quality and supply chain management, including integrated business planning, agriculture risk, warehousing and grower engagement.

Currently, Taso is an Executive Director with McCain Foods Limited. Previously he held executive roles within Goodman Fielder, National Foods, and Hudson Pacific.

**ALAN FISHER**

Alan Fisher has nearly 20 years' experience as either a Director or Chairman and specialises in implementing strategies that enhance shareholder value and help unlock the potential of companies. He has experience across a diverse range of sectors including agriculture, logistics, manufacturing, wholesale and retail.

Alan is currently Chairman of Centrepont Alliance Limited and IDT Australia Limited and a Director of Bionomics Limited and Thorney Technologies Limited. Previously he was CEO of Pental Limited and Managing Director of HRL Limited, and has held several other director and chair roles in his diverse career.

## GLOSSARY

<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>Board</b>	The board of Directors of the Company.
<b>Chairman</b>	The individual elected to chair any meeting of the Company from time to time.
<b>Company</b>	Murray River Organics Group Limited ABN 46 614 651 473.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).

## **Craig Farrow**

### **Non-Executive Chairman**

Fellow Shareholders,

I was approached to join your Board as non-executive Chairman in preparation for Murray River Organics' IPO in August 2016. This occurred after the departure of all your Company's previous non-executive Directors who had served less than six months.

### **A seasoned and experienced professional and public company director**

My appointment as non-executive Chairman of your Company was based on my then 12 years' experience as a non-executive director, including the last 10 years as chairman of M2 Group Ltd, which had been a significant success story in the ASX telecommunications sector, and at that time had just merged with Vocus Group Ltd.

I remain a non-executive director of Vocus Group Ltd, as well as Chairman of Bulletproof Group Ltd.

In addition to my public company experience, I also have significant experience across the agribusiness sector as an accountant and adviser, and company director / chairman in businesses associated with grain trading, rural merchandise, farm advisory, cropping and livestock operations, and intensive farming operations.

A Chartered Accountant by qualification, I was national President of the Institute of Chartered Accountants in 2012, and the Executive Chair of the CAANZ merger project.

I am the Chairman and remain a partner within my firm, Brentnalls SA, having been Managing Partner from 2000 to 2013.

My professional and corporate experience spans finance, business reporting, management, mergers and acquisitions, and human resource management.

### **Putting the interests of all our shareholders first**

I have a deep passion for Murray River Organics and the opportunities your Board sees for the business. I firmly believe I have exercised my commitment and effort for that purpose, dedicating substantial hours above what would ordinarily be considered appropriate for an independent non-executive Chairman, but that which I believe is necessary in start-up and growth businesses facing challenges.

As your Chair, along with my fellow non-executive directors, I have had to make the appropriate tough calls on the performance of our Company's two founder executives – Jamie Nemtsas and Erling Sorensen (noting in both cases that they repeatedly offered their own resignations in the lead up to their respective departures). Your board had to continually push for operational reporting and increased transparency and

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visibility from the two founders, and it became evident that they lacked the relevant operational experience expected in a complex business within a listed environment, where other people's money, and careers, are invested in the business.

Your directors led with speed and deliberate action to respond to the leadership challenges your Company faced. Your directors recruited a professional CEO with deep operational and sector experience in Mr George Hagggar, who is a proven leader.

### **The 249D notice has been served by Bryan Meredith entities**

It is worthy of note that Bryan Meredith was an original main funder of our business in its early phases and is connected with the two founders through other business enterprises.

Mr Meredith has been very successful in his own right, and reported to me in a private meeting after I terminated Jamie Nemtsas that he too had wanted "out" of the business shortly after getting involved because he didn't like the way things were being managed by the two founders.

### **Actions of the two founders hampered the performance of our Company**

Your Board considers that the poor financial results of our Company are due to the poor operational management of the two founders. It is prescient to note that former Managing Director & CEO, Erling Sorenson, wanted Jamie Nemtsas "out" of the business for a litany of reasons, mainly due to poor operational performance. At the same time, Jamie Nemtsas was openly protesting against Erling Sorensen's tenure as Managing Director & CEO.

Given the substantial acrimony between the two founders, it is seemingly dumbfounding that Erling Sorenson and Jamie Nemtsas have now re-grouped, as reflected through Erling appointing Jamie as the proxy for his interests when voting at the recent AGM.

### **To succeed our Company needs to be underpinned by business governance and ethics**

Murray River Organics is a public company that must operate within the framework expected of public companies. In addition, it must conform to the necessary business governance and ethics principles.

I note that none of the directors nominated by the Meredith Group have any ASX-listed public company experience. Steven Si is the controlling owner of a key competitor of our Company (Kadac), one which Lisa, Don and I openly visited to build a relationship and understand the business as part of our due diligence on him. I understand that Steven wants to merge his business with our Company to give him farmland and a producer – rather than just his current business' operations as a trader.

Andrew Monk is the chair of Australian Certified Organics, to which our business is accountable for certifications. To me, and your other Directors, this is a critical relationship that must overtly be, and be perceived to be, at arm's length by the market and customers for brand and reputational reasons.

### **A strong and experienced board with a plan is needed to guide our Company and deliver on its potential**

After a rocky financial and operational period, our business needs stability at the board level and within management. The independence and commitment shown by Lisa and myself, accentuated by the appointment of Ken Carr, and two other outstanding candidates, Mr Anastasis (Taso) Kourou and Mr Alan Fisher, who we have identified and nominated to our board, is what our company needs.

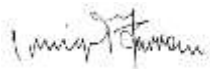
George Hagggar, our new CEO has a tough job ahead of him, but he has the courage of his convictions and the skills and experience to deliver on the potential we see for our business.

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We have a clear plan for the future to take our Company, Murray River Organics, to the next phase of growth with production expected to increase substantially in the coming years. We will continue to build on our leading market position as the world's largest vertically integrated producer of certified organic dried vine fruit; and innovate to drive further growth, while growing returns for you – our shareholders.

Yours sincerely,



**Craig Farrow**  
Chairman

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**Lisa Hennessey****Non-Executive Director**

My fellow Shareholders,

I was delighted to be asked to join your Board as a non-executive Director in September 2016 prior to Murray River Organics' listing. My appointment was based on the strength and relevance of my background as part of an overall skills mix on your Board.

I have extensive listed and non-listed governance experience and domain expertise in packaged foods, manufacturing, global market entry, branding, strategy, M&A, risk, remuneration and performance management. My background includes working for some of the US and Europe's largest and most recognised food brands including Del Monte Foods and StarKist brands. My work has been a contributing factor to over \$1.5 billion of added shareholder value across the various businesses over my career.

As your director, I have tirelessly executed my duties through the listing and our Company's first year as a listed company. I remain extremely positive about the future of Murray River Organics and wish to remain a contributor to the success of this fantastic organisation.

The substantial impact on 2017 EBITDA and cashflow, due to poor operating decisions and practices of your previous management, drove your non-executive directors to initiate change that saw both Jamie Nemtsas and Erling Sorensen (the Company's two founders) rightfully asked to leave the business given the poor performance, reporting issues and lack of transparency to your Board.

Given the two founders' significant shareholding, I knew my role as your non-executive director would be jeopardised by asking them to step down. While neither founder has proposed this attempted board spill, I believe it is the result of their disagreement with your Board's decision to remove them from their positions. In my role as your director, I have made some tough decisions, and I stand by the decision to remove the founders as being in the interest of all our shareholders.

During 2017, your non-executive directors requested internal reviews of farming, sales, control, and planning practices and pushed for greater disclosure from the two founders to halt the decline in performance. These requests were rarely granted, and by October there remained 27 outstanding information requests for follow-up by management. Dissatisfied with this lack of transparency, your non-executive directors initiated their own actions:

1. In May, as a member of the Risk Committee, we appointed external risk consultants to review your Company's operations.

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2. The absence of an HR resource prompted me to commission an HR risk assessment during which significant risks were identified. Although instructed by your non-executive directors to appoint a senior HR resource, neither of the two founders ever made that appointment. The absence of this resource contributed to claims of a bullying culture in the business. An external investigation was requisitioned by your board into specific claims.
3. The strain on the balance sheet, from the cashflow impact of poor operating decisions, drove, in part, your Board's necessary decision to raise capital in August to strengthen your Company's financial position.
4. Your Risk Committee requisitioned a full review of inventory in late September to assess the full impact of the management decisions made during 2017 harvest and subsequent processing.
5. Your non-executive directors instructed management to execute a product line profitability exercise in August
6. Your Nominations Committee, which I Chair, sought to implement the necessary change to ensure your Company was properly managed, leading to the appointment of George Haggard as CEO and Ken Carr joining your Board as a non-executive director.
7. Your Nominations Committee also sought to bring additional expertise to the board through the further appointment of two new non-executive directors. These candidates were identified. However, due to the restrictive resolutions of the 249D meeting requisitioned by Bryan Meredith, their appointment will only happen if you vote AGAINST all the resolutions proposed by Bryan and continue to move forward with your current Board.

George Haggard's appointment as CEO was driven by your non-executive directors' belief that he possesses the operational experience and risk mindset required to drive and manage this increasingly complex listed entity and deliver on your Company's potential. I personally have a strong working relationship with George and he is already addressing and mitigating the key operational risks of the business. Having recently spent a couple days with your management team it is clear to me that George has garnered their respect and there is increasing transparency within the business.

As your director, I believe that the foundations of the business remain strong and am still fully committed to the organic segment. The strategy therefore should remain unchanged.

Looking forward, as your director, I will continue to provide oversight and governance for our Company and will have a focus on ensuring that:

- 1) all assets and products are reviewed for alignment to business core and for contribution to return;
- 2) there is a culture of performance, accountability and teamwork; and
- 3) there is a focus on cash generation and return on assets.

I have deep domain expertise and experience across all three of these areas. Therefore, I believe I will continue to add value to our Company as it enters the next phase of its lifecycle. Lastly, as an independent director, free from conflict of interest, I will continue to act in the best interests of all our shareholders.

Yours sincerely,



**Lisa Hennessy**  
Non-executive Director

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**Dr Ken Carr****Non-Executive Director**

Dear Shareholders,

As you may be aware, I have only recently joined your board. From what I've read and heard from those I've spoken to, and from a recent visit to Mildura, I'm excited about the potential that lies ahead for our Company.

In Mildura, I met our newly appointed, highly capable and experienced CEO, George Haggard, and his team. While having only been in his role for a short space of time, George has already made a significant impact to the business since his appointment, focusing on a premium product and price mix of organics.

To complete the turnaround George needs the continued support and counsel of an experienced board to ensure he can deliver growing returns to the communities in which we operate and you, our fellow shareholders.

What can we do to support George in realising the potential of our business?

- First, George needs a board that is united and focused on the turnaround required to be implemented in our Company – a board experienced in as much as possible of what could happen.
- Take some of the load off George to help set the strategy for our Company, and give him clearly defined parameters and goals that he can communicate with his very capable team.
- Be his sounding board for ideas development, and help him bring in rigour to the planning process and action to the implementation
- Help him communicate the plan, to you, our shareholders. The communication must be transparent and with enough detail to allow you to understand where we are going, how we will get there, and the hurdles to overcome.
- Help George measure the effectiveness of what he is doing and the efficiencies this can bring in a measureable and tangible bottom line result.

Alongside your Directors, I bring the above skills, as well as substantial public company experience, to your Board.

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My previous transformational experience, stands me in good stead to add value to your Board and support the delivery of long term shareholder value:

- ASX:KYC Keycorp: I was appointed CEO when it generated \$120m in revenue and losses of \$14m, held accumulated debts of \$14m, breached its loan covenants and was suspended at 16c a share. Two years later the business was making \$8m, delivered value back to shareholders through 19c in dividend and capital, held \$16m in cash, and was purchased by private equity at 58c a share.
- ASX:KKT Konekt: I was appointed Chair and Acting CEO when the share price was 5c, and left when it was 7c a share, and it is now trading in excess of 50c a share.
- ASX:ICP iCash: I was appointed Chair at 4c, and saw through a 249D requisition to spill the board, divested an asset at a record price, returned \$6m to shareholders, and took the share price to 6.4c before turning it over to a new team.
- ASX:RFL Rubick: I was appointed Managing Director when the share price was 8c, and after completing several acquisitions and a restructure within 18 months, left with the share price at 46c and a market capitalization of over \$150m.
- ASX: EBT eBet: I was appointed Managing Director & CEO at \$3.26 a share, and left after 15 months when the share price was \$4.03, following on from a revenue increase of 25% and an NPAT increase of 189%. The company was subsequently purchased in a takeover within 6 months for \$7.15 a share and a market cap of around \$115m
- ASX: BPF Bulletproof: I was appointed non-executive Director at 6.6c a share, and it's now trading at 11c+.
- ASX:4WD Automotive Solutions Group: I was appointed Chair at 22c a share After resolving another 249D attempted Board spill in a week, the company is now in the final stage of a takeover at 35c a share.
- ASX:FSG Field Solutions Holdings: I was appointed Chair and the company recently successfully listed, being a telecommunications company focused on telecoms and technology for agribusiness, with many agricultural clients predominantly in New South Wales and Tasmania.

In addition to the above management and board roles, I am currently a non-executive Director of Wakenby (ASX: WAK), and was CEO & Director of Longreach Group Limited (ASX: LRG), and Chair of Freshtel Holdings Limited (ASX: FRE). Prior to these public company management and board roles, I was Managing Director for Lucent Technologies across Asia Pacific, with experience in China, Japan and India. I have Doctor and Master of Business Administration degrees and am a previous Fellow of the Australian Institute of Company Directors.

My record as either an executive or non-executive is publicly available. My experience, expertise and full support is available to our CEO, George Haggar, as well as our Company.

To all our Shareholders I say: "It's your vote. You should decide who is best to help the recovery and growth of your investment. Choose wisely, but most importantly of all, you need to vote. You can make a difference."

To disaffected and disruptive shareholders, and there are only really four of them, as without them the first two AGM resolutions would have easily passed, I say: "Stop putting up distractions. Allow our new CEO, George Haggar, to focus on the things he needs to do. Stop any ideas of new transactions raised by a board of related parties."

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To these four shareholders I also say: "Stop any nonsense of change for the sake of change. You need a plan. You don't have a plan that is better than your current Board's. George is supported by experienced ASX directors with tangible runs on the board of transformational recovery and delivery of growth. Let us do our job."

I remain available to all shareholders, and fully supportive of my Board colleagues and especially George. I urge you to consider who is the best team, and make a truly informed choice.

Yours sincerely,



**Dr Ken Carr**  
Non-executive Director

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