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MURRAY RIVER ORGANICS ANNOUNCES UNDERWRITTEN $30.6 MILLION ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

- Proceeds to be used to execute turnaround strategy and support the needs of this growing business, including development of existing vineyards and providing confidence to third party fruit suppliers
- Transformation led by new Managing Director with significant turnaround experience
- Turnaround occurring in environment with continued strong demand for organic dried vine fruit and organic products generally
- Subject to successful completion of the Offer, the Company's debt financier has agreed to provide senior debt and ongoing capital support through a three year debt facility
- Management equity incentives reset to align Managing Director with long term shareholder value creation

Murray River Organics (ASX:MRG) ("Company") today announced that it will undertake a pro-rata accelerated renounceable entitlement offer ("Entitlement Offer") of New Shares at an Offer Price of $0.10 cents per share to raise approximately $30.6 million in new equity. Shaw and Partners has fully underwritten the Offer.

Eligible Shareholders are entitled to apply for 2.4 New Shares for every 1 fully paid Ordinary Share held at 7.00pm AEDT on the Record Date of Thursday 11 October 2018.

The Offer is being undertaken to support the Company's turnaround strategy and to fund the needs of this growing business.

Murray River Organics has already embarked on a number of initiatives including restructuring the management and teams at the processing facilities, completed a review of farming operations, completing a review of category performance and growth options and selling non-core assets. Based on the work completed by the management team, the proceeds of the Offer are expected to provide the business with sufficient capital to execute its turnaround strategy.

MRG's Managing Director Valentina Tripp said "With the turnaround process already well underway with benefits currently being realised, our focus will be on development of our existing vineyards, providing confidence to third party fruit suppliers, funding operations and financing costs.

"Our new management team has significant turnaround experience in both FMCG, food processing and agriculture. The cost saving and efficiency program across the business is well progressed and initiatives focused on improving farming performance are underway. With the new leadership team in place we are now recruiting more broadly to meet the business capability needs, with the focus on sales, marketing, category development and new product development."

The Company's turnaround is occurring in an environment where there is continued strong demand for organic dried vine fruit and organic products generally.

"As the largest integrated certified organic dried vine fruit producer in Australia, Murray River Organics is well placed to leverage the growing demand for healthy snacking alternatives and better- for-you products both in Australia and internationally. We are confident that by providing quality, innovation, value and convenience we can exceed consumer expectations and realise Murray River Organics' significant potential," Valentina Tripp said.

On completion of the Entitlement Offer the Company's Shares will come out of suspension and will recommence trading on the ASX.

Subject to successful completion of the Offer, the Company's debt financier has agreed to provide senior debt and ongoing capital support via a three year debt facility.

Major shareholder Thorney Investment Group has taken up its full entitlement in the Murray River Organics' Offer, and is sub-underwriting the Offer.

Directors holding shares have elected to take up their entitlement in full, and all directors have provided sub-underwriting commitments to support the capital raising.

EM Advisory and Clayton Utz acted as advisors to the Company on the Offer and the strategic review.

Update on Strategic Review

The capital raising marks a significant milestone in the strategic review initiated by the Company in June 2018.

The review explored numerous options including different capital raising structures, debt refinancing, asset sales and a potential sale of the entire company. The Company received multiple approaches and a number of conditional proposals. The Board considered the proposals received were either highly conditional, not capable of acceptance, or would have provided an inferior outcome for our Shareholders compared with the renounceable entitlement offer.

Chairman, Andrew Monk added, "When we started the strategic review, we recognised that the Company was facing significant challenges, and required a reset of the balance sheet in order to continue to operate."

He said, "We are pleased to announce the launch of the underwritten capital raising today. While the price represents a discount to the NTA, the renounceable entitlement offer structure means that all shareholders have the ability to retain their percentage holding, and participate in this significant transaction for the Company."

"The Board has explored numerous options through the review, and we strongly believe that the capital raising presents the best possible outcome for shareholders."

"We expect the next twelve months will be transformational for the Company, our people, our growers, our supply partners and our customers.

"Murray River Organics has been supported by our customers, growers, suppliers, staff, shareholders and NAB during this difficult time. We thank them for their confidence and look forward to returning this business to growth, and realising the value of our organic and better-for-you food business and long dated agricultural assets."

Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to purchase 2.4 New Shares for every 1 existing Shares held as at the Record Date of 7.00pm (Melbourne time) on 11 October 2018, at the Offer Price of $0.10 per New Share under the Entitlement Offer.

The Entitlement Offer is comprised of two parts:

1. the **Institutional Entitlement Offer** - Eligible Institutional Shareholders are approached and required to decide whether or not they will take up their Entitlement. Entitlements under the Institutional Entitlement Offer are renounceable but not able to be traded on ASX. Entitlements not taken up by Eligible Institutional Shareholders and Entitlements of Ineligible Institutional Shareholders will be offered under a bookbuild to certain Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement); and

2. the **Retail Entitlement Offer** - Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer under the Prospectus and are required to decide whether or not they will take up their Entitlement. Entitlements under the Retail Entitlement Offer are renounceable but not able to be traded on ASX. Entitlements not taken up by Eligible Retail Shareholders and Entitlements of Ineligible Retail Shareholders will be offered under a bookbuild to certain Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement)

If the price at which the entitlements of renouncing shareholders are sold under the bookbuild for either the Institutional Entitlement Offer or the Retail Entitlement Offer exceeds the Offer Price of $0.10, that premium amount will be paid on a pro-rata basis to ineligible shareholders and shareholders who did not take up their full entitlement under each of the components of the Offer. There is no guarantee that the price achieved under the Retail Bookbuild will match the price of the Institutional Bookbuild (or vice versa). Any premium that is remitted to renouncing or ineligible shareholders under the Institutional Entitlement Offer is not an indication that the price achieved in the Retail Bookbuild will result in a premium being remitted to renouncing or ineligible Shareholders under the Retail Entitlement Offer.

The Entitlement Offer provides Eligible Shareholders with the opportunity to take up all or part of their Entitlements. Based on the number of Shares on issue as at the date of the Entitlement Offer, a maximum of 306 million New Shares (subject to rounding) will be issued under the Entitlement Offer.

The Retail Entitlement Offer opens on 15 October 2018 and will close at 5.00pm (Melbourne time) on 24 October 2018 (unless extended).

Retail shareholders who have questions regarding the Retail Entitlement Offer should read the Prospectus in full and if they require further information, call the Company's share registry, Computershare Investor Services Pty Limited, on 1300 652 479 (local call cost within Australia) or +61 3 9415 4360 (from outside Australia) at any time from 8:30am to 5:00pm (AEST/AEDT) Monday to Friday during the retail offer period between Monday, 15 October 2018 and Wednesday, 24 October 2018 or go to the Murray River Organic entitlement offer website for the offer (https://murrayriverorganicsoffer.thereachagency.com).

Summary of Key Dates

Event	Date
Announcement Date, Prospectus lodged with ASIC, Institutional Entitlement Offer opens	Tuesday, 9 October 2018
Announcement of completion of Institutional Entitlement Offer, including the Institutional Bookbuild	Thursday, 11 October 2018
Record Date under the Entitlement Offer (7.00pm)	Thursday, 11 October 2018
Retail Entitlement Offer opening date	Monday, 15 October 2018
Despatch Date of Prospectus and Entitlement and Acceptance Forms	Monday 15 October 2018

Event	Date
Institutional Entitlement Offer Settlement Date	Tuesday, 16 October 2018
Retail Entitlement Offer closing date (5.00pm)	Wednesday 24 October 2018
Retail Shortfall Notification Date	Thursday 25 October 2018
Retail Bookbuild Date	Friday, 26 October 2018
Retail Entitlement Offer Settlement Date	Wednesday, 31 October 2018
Issue of New Shares under Entitlement Offer	Thursday 1 November 2018
Despatch of holding statements	Thursday 1 November 2018
Securities resume quotation and commence trading on ASX	Friday 2 November 2018

These dates are indicative only and are subject to change without notice. All times and dates refer to times and dates in Melbourne, Australia. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, the Company has the right, with the consent of the underwriter, to amend the timetable, including extending the retail entitlement offer or accepting late applications (either generally or in particular cases) without notice.

Additional debt funding to support operational needs

The Company today signed an agreement with the NAB to provide an additional $2.8M of working capital support to support the operations through the Offer period until completion of the Capital Raising. This additional funding will take the Company's total bank debt facilities (including bank guarantees) to $56.7M. The company has also received a Credit Approved Term Sheet for a new 3 year debt facility, which together with the $30M capital raising will support the operations of the business over the term of the facility. Completion of the Entitlement Offer is a condition of the new 3 year facility, and in turn, finalisation of and entry into the debt documentation in relation to this facility is a condition of the underwriting and must be completed no later than 31 October 2018. The Company is working with NAB and is well progressed to meet this condition.

Mr Andrew Monk said, "We are grateful for the NAB's support. Their constructive and open approach has been critical to securing the underwriting support for the capital raising. By securing the core funding needed for the 3 year operational plan, we can put the long term foundations in place to realise the value of our assets for our shareholders and all our stakeholders."

Update on incentive arrangements for Valentina Tripp

As part of the recapitalisation of the Company's balance sheet, the Board has moved to better align the incentives of the Company's Managing Director with the interests of shareholders, particularly given the changes to the balance sheet and the issued share capital. Further details are contained in Appendix 1. The incentives comprise a STI, LTI and equity incentive, with clear retention hurdles around both time and shareholder return (as measured by share price performance).

Mr Andrew Monk added, "Valentina has worked tirelessly to reset the Company's balance sheet and operations. On behalf of our shareholders, I thank her and the management team for their efforts. We are pleased to announce this reset of their remuneration structures in what we believe is the start of a long term relationship with MRG."

Valentina Tripp said, "I am delighted to be investing in MRG, both through sub underwriting the current Entitlement Issue, and also through the incentive scheme agreed with the Board. I look forward to working with the Board to return MRG to operational health, and grow shareholder value."

The Equity grants under the incentive scheme will be put to shareholders at the forthcoming MRG AGM, which is expected in late November.

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Appendix – Management Incentives

Valentina Tripp

Valentina Tripp is employed in the position of Managing Director and CEO under an employment contract with the Company. The Company has recently reviewed Valentina's remuneration package and implemented changes and therefore differs from the terms and conditions disclosed in the remuneration report within the 30 June 2018 financial report.

Valentina's annual remuneration package comprises a base salary of $500,000 per annum (including superannuation) and an incentive payment of up to $300,000 per annum received in accordance with the terms of the Company's STI Plan.

The table below sets out the percentage of Valentina's entitlement that will be paid on satisfaction of certain key performance indicators.

Measure	Entitlement to be paid
EBITDA before SGARA	50%*
Operational performance (additional customer service and labour productivity)	20%
Deliver a 3-5 year strategic plan, to be approved by the Board	10%
People and systems	10%
Risk and compliance	10%

*With additional payment opportunities for an additional 10% and 15% weighting if performance measure is exceeded by specified amounts. This could result in Valentina receiving up to 125% of her total STI Plan entitlement for FY2019.

Valentina is also entitled to participate in the Company's LTI Plan. As part of the equity-based remuneration payable to Valentina for her services as Managing Director and CEO of the Company, the Company has agreed, subject to Shareholder approval (to be sought at the Company's 2018 Annual General Meeting), to issue Performance Entitlements with an aggregate fair value of $200,000 to Valentina under the FY2019 LTI Plan grant and on the terms set out below.

It is intended that Performance Entitlements granted to Valentina under the FY2019 LTI Plan will have nil consideration and vest 3 years from the date of grant, provided that Valentina is still employed by the Group at that time and subject to vesting conditions, based on Total Shareholder Return Compound Annual Growth Return and in accordance with the following vesting schedule:

TSR CAGR	% of Performance Rights that vest	Comment
Less than 10% p.a.	0%	
10% p.a.	25%	Straight line interpolation between 10% and 12.5%
12.5% p.a.	50%	Straight line interpolation between 10% and 12.5%
15% p.a.	100%	

It is intended that, subject to Shareholder approval (to be sought at the Company's 2018 Annual General Meeting), Valentina will also receive:

- as a retention incentive payment 18,000,000 Options as follows:
  - 6 million Options with an exercise price of $0.10 cents per Option (being the Offer Price) vesting on 16 April 2019 (subject to continuous employment with the Company to this date) and expiring on 16 April 2021;
  - 6 million Options, with an exercise price of $0.18 cents vesting on 16 April 2020 (subject to continuous employment with the Company to this date) and expiring on 16 April 2022; and
  - 6 million Options, with an exercise price of $0.27 cents vesting on 16 April 2021 (subject to continuous employment with the Company to this date) and expiring on 16 April 2023.

  These are a modification to the terms of the existing retention incentive payment to Valentina (which was subject to Shareholder approval) as outlined in MRG's 30 June 2018 financial report.

- 3,000,000 Shares as a one-off payment (with a notional value of $300,000 at the Offer Price) in recognition of the additional work undertaken Valentina since the date of her appointment. These Shares will be subject to an escrow period of 2 years from the date of issue, during which time Valentina will be unable to sell or otherwise deal with those Shares.

Following expiry of the 6 month probationary period (commencing on 16 April 2018), Valentina's employment may be terminated by either Valentina or the Company by providing 6 months' written notice before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion. During the probationary period, Valentina's employment may be terminated by either Valentina or the Company by providing 1 month’s written notice.

The Company may also terminate the employment of Valentina summarily in certain circumstances (without notice) if without limitation, she is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Valentina's employment also contains a restraint of trade period of up to 6 months from the date of termination of her employment, except where her employment is terminated in the first 12 months of her employment (prior to 16 April 2019), in which case, the restraint of trade period is reduced to 3 months. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.