

11 December 2019

## MRG TO EXIT COLIGNAN FARM LEASE – NEW RELATIONSHIP WITH ARROW FUNDS MANAGEMENT

- Murray River Organics Group Limited (ASX:MRG) has restructured its relationship with Arrow Funds Management (Arrow) in relation to Colignan Farm
- MRG will exit the current Colignan Farm lease on 11 December 2019 with Arrow to assume operations of Colignan from 11 December 2019. MRG will pay a surrender fee to Arrow on the terms described below
- MRG has entered into 3 year off-take agreement for dried vine fruit grown on Colignan Farm.
- Arrow to be issued with 5% of the issued share capital of MRG (after any equity capital raising) as part consideration for the lease cancellation
- MRG is continuing to assess capital management initiatives and progress discussions with its bank
- Capital raising discussions with existing and new MRG shareholders are underway, and the raising is expected to be a minimum of \$20M

Murray River Organics Group Limited (ASX:MRG) today announced the restructure of the Colignan Farm lease and Arrow Funds Management will assume operational control of Colignan Farm.

Chief Executive, Valentina Tripp said, “This new relationship with Arrow represents a significant step for both our companies as we work to realise the value of this significant dried vine fruit farm. MRG is committed to supporting the long-term growth of the dried vine fruit industry in Sunraysia.”

The exit from the Colignan Farm lease and the establishment of a 3-year supply relationship with Arrow allows MRG to focus on growing the market for organic and conventional dried vine fruit value added products. In part consideration for Arrow agreeing to termination of the lease, MRG will pay to Arrow a surrender fee in the amount of \$1,324,750 in two tranches: (i) \$824,750 paid from the proceeds of the bank guarantee given by NAB in relation to obligations of MRG under the lease; and (ii) \$500,000 paid from the proceeds of, and conditional on, a proposed equity capital raising to be undertaken by MRG. MRG will also issue Arrow with 5% of the issued share capital of MRG (after any equity capital raising) as part consideration for Arrow agreeing to termination of the lease.

This transaction marks the first step of a broader capital management program. Discussions with both MRG’s debt and existing and new equity funders are continuing as MRG looks to secure the capital



required to fund the future growth of the business. These processes are ongoing and remain incomplete.

The equity portion of the raising is expected to be a minimum of \$20M and is linked to securing ongoing debt support from MRG's bank.

While these matters are ongoing and uncertain, MRG believes that resumption of trading in its securities would be premature and could adversely affect MRG's ability to successfully implement the capital management initiatives currently being assessed. MRG currently expects that the voluntary suspension of trading will remain in place until 20 December 2019 and will continue to inform the market of material developments as matters progress.

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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.

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

\*EBITDA-SL means Earnings Before Interest, Tax, Depreciation and Impairment, less SGARA (fair value revaluation of Self-Generating and Regenerating Assets (agricultural produce)) and adoption of AASB16 (New Leasing Standard).

