

6 February 2020

MURRAY RIVER ORGANICS ANNOUNCES FULLY UNDERWRITTEN \$25 MILLION ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

- Proceeds to be used to execute the Company's strategy and restructure of the existing debt facility
- Company to focus on growth of organic and 'better-for-you' food business both domestically and internationally
- Commenced process for sale of non-core farms to repay debt and enabling strategic and operational focus on organic dried vine fruit farms
- Targeting operating positive cashflow in FY2021

Murray River Organics (ASX:MRG) ("Company") today announced that it will undertake a pro-rata accelerated renounceable entitlement offer ("Entitlement Offer" or "Offer") of new fully paid ordinary shares in the Company ("New Shares") at an Offer Price of \$0.015 cents per share to raise approximately \$25 million in new equity. Shaw and Partners Limited and Canaccord Genuity (Australia) Limited have fully underwritten the Offer.

Eligible Shareholders are entitled to apply for 3.843 New Shares for every 1 fully paid Ordinary Share held at 7.00pm AEDT on the Record Date of Monday 10 February 2020.

The funds raised from the Offer will, in conjunction with the proposed sale of non-core farming assets, enable the restructuring and resizing of the existing debt facility, while providing capital to execute on the Company's refined turnaround strategy.

Murray River Organics embarked on a number of initiatives, including restructuring the management group and teams at the processing facilities, improving operating efficiencies, reviewing product growth opportunities and brand development and investing in farm remediation, as part of the FY2019 Turnaround Strategy.

Significant progress has been made with higher value and higher margin product offerings, a 17% reduction in operating costs and an improvement in EBITDA-S* of \$10.7m for FY2019.

*EBITDA-S means Earnings Before Interest, Tax, Depreciation and Impairment, less SGARA (fair value revaluation of Self-Generating and Regenerating Assets (agricultural produce)).

During the year there were unexpected challenges, including farm performance not meeting turnaround targets. This was mainly the result of drought conditions and the increased cost of water, crop shortfall/lower than anticipated farm yields, higher than forecast growing and remediation costs on some of its 11 farms and significantly higher growing costs and underperformance of the leased farm at Colignan.

These additional growing costs have had an impact on the Company's expectations of its financial performance in FY20 and FY21. In December 2019, this led to the exit from the Colignan Farm lease, and now the Company has resolved to sell its non-core farms to reduce debt levels. The Company is now focused on the growth of its organic and better-for-you food business both domestically and in export markets.

The proceeds of the Offer, in conjunction with the proposed sale of non-core farming assets, enable the restructuring and resizing of the existing debt facility while providing capital to execute the Company's refined strategy targeting positive operating cashflow in FY2021.

Strategy Update

Over the past year, MRG commenced an extensive transformation of its farms, significant investment in the launch of the new Murray River Organics brand and product range, while substantially improving operating efficiencies to deliver long-term value for shareholders.

MRG's Managing Director Valentina Tripp said, "Our new team has made significant progress in the transformation of the business. We have broadened our supply chain, allowing us to secure supply, diversify offerings, launch new products and continue to maintain our high-quality standards. The launch of our Murray River Organics branded range of products this year has been a particularly significant milestone."

"The Company's turnaround is occurring in an environment where there is continued strong demand for organic dried vine fruit and organic products generally. We believe Australians want healthy, organic, 'better-for-you' food options at affordable prices. Our goal is to provide that for our customers through our competitive advantage of vertical supply from our own core farms and our strategic sourcing relationships."

Following the challenges experienced in the initial phases of the turnaround, the Company has refined and further developed its turnaround strategy, further details of which are set out in the Company's Prospectus lodged with ASIC today.

As part of the refined strategy, the Company has commenced an asset realisation program.



“We are focused on growing our retail and export business and while select core farms will support these initiatives, we will exit those properties which are considered to be non-core to the strategy,” Valentina Tripp said.

Chairman Andrew Monk commented, “The past year has seen the delivery of transformative restructuring of the Company, along with hard and necessary decisions being made to right size the Company and its strategy to build longer term value creation with a clear and realisable path to net earnings growth.”

“The structure of this fully underwritten entitlement offer today means that all shareholders have the ability to participate in this capital raising and retain their percentage holding. With capital now secured, we are confident this next phase in our transformation and refined strategy will deliver a positive impact for the Company, our people, our growers, our supply partners and our customers.”

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

Major shareholder Thorney has committed to take up its full entitlement in the Entitlement Offer (being approximately 33% of the Offer) and will also sub underwrite a further approximately 17% of the Offer.

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

Debt Facility Restructure

The Company has also negotiated amendments to the existing banking facility agreement with the Company’s financier, under which (amongst other changes) the debt facility limit will be permanently reduced to \$40 million (from \$54 million) incrementally by 30 June 2021. As previously announced, the Company has agreed to repay \$4 million to NAB by 31 March 2020, which is expected to be paid out of the proceeds of the Offer. In addition, under the terms of the amended facility, the Company has agreed to make further repayments of \$7.5 million by 30 November 2020 and \$2.5 million by 30 June 2021 (or such later date as agreed by the parties). Future assets sales will be used to meet these further debt repayment obligations.

Under the terms of the amended facility, NAB has agreed to accelerate drawdown of the remaining \$2m available, subject to satisfaction of certain conditions, including the execution of an underwriting agreement for a capital raising of at least \$25 million by no later than 7 February 2020 and certain other reporting obligations. The Company and its financier have also agreed amendments to certain financial reporting covenants under the banking facilities.

Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) are being offered the opportunity to subscribe for 3.843 New Shares for every 1 existing Share held as at the Record Date of 7.00pm (Melbourne time) on 10 February 2020 ("Record Date"), at the Offer Price of \$0.015 per New Share under the Entitlement Offer.

The Entitlement Offer is available to all registered shareholders who hold shares on the Record Date with a registered address in Australia, New Zealand and certain other foreign jurisdictions determined by the Directors of the Company (as described in the Prospectus released to ASX on the date of this announcement) ("Eligible Shareholders"). Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

The Entitlement Offer is comprised of the following parts:

1. the **Institutional Entitlement Offer** - Eligible institutional shareholders will be 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);
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; and
3. the **Bookbuild and Top Up Facility** - Entitlements not taken up by Eligible Shareholders and Entitlements of Ineligible Shareholders will be offered under a bookbuild to certain Institutional Investors and brokers, to be conducted after the close of the Retail Entitlement Offer ("Bookbuild"). Eligible Retail Shareholders who take up their full Entitlement may also apply for additional new shares at the price at which entitlements of renouncing and Ineligible Shareholders are sold under the Bookbuild, under a top up facility established by the Company.

If the price at which the entitlements of renouncing shareholders or Ineligible Shareholders are sold under the Bookbuild exceeds the Offer Price of \$0.015, that premium amount will be paid on a pro-rata basis to Ineligible Shareholders and renouncing shareholders.

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 1.67 billion New Shares (subject to rounding) will be issued under the Entitlement Offer. Ineligible Shareholders or Eligible Shareholders who let their Entitlements lapse cannot participate in the Entitlement Offer and their percentage shareholding in the Company will be diluted as a result of the Entitlement Offer.

Eligible Shareholders will be sent a copy of the Prospectus that has been lodged with ASX and ASIC today on 13 February 2020. The Retail Entitlement Offer opens on 13 February 2020 and will close at 5.00pm (Melbourne time) on 25 February 2020 (unless extended).

Shareholders who have questions regarding the 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 Friday, 13 February 2020 and Tuesday, 25 February 2020 or go to the Murray River Organic Entitlement Offer website at (<https://murrayriverorganicsoffer.thereachagency.com>).

Summary of Key Dates

Event	Date
Announcement Date, Prospectus lodged with ASIC, Institutional Entitlement Offer opens	Thursday, 6 February 2020
Institutional Entitlement Offer closes (5.00pm)	5.00pm Friday, 7 February 2020
Announcement of completion of Institutional Entitlement Offer	Monday, 10 February 2020
Record Date under the Entitlement Offer (7.00pm)	Monday, 10 February 2020
Retail Entitlement Offer opening date	Thursday, 13 February 2020
Offer Prospectus dispatched to shareholders	Thursday, 13 February 2020
Institutional Entitlement Offer Settlement Date	Monday, 17 February 2020
Issue of New Shares under the Institutional Entitlement Offer	Tuesday, 18 February 2020
Retail Entitlement Offer closing date (5.00pm)	Tuesday 25 February 2020
Shortfall Notification Date and announcement of Retail Entitlement Offer results	Wednesday 26 February 2020
Bookbuild Date	Thursday, 27 February 2020
Announcement of results of Bookbuild	Friday, 28 February 2020
Retail Entitlement Offer, Bookbuild and Top Up Facility Settlement Date	Tuesday, 3 March 2020

Event	Date
Issue of New Shares under Retail Entitlement Offer and additional New Shares under Bookbuild and Top Up Facility	Wednesday, 4 March 2020
Voluntary suspension lifted All Shares commence trading	Thursday, 5 March 2020

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.

For further information, contact:

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The Board of the Company authorised the release of this announcement to ASX.

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

