

23 September 2020

MRG SELLS CITRUS AND WINE ASSETS TO COSTA GROUP FOR \$4.5M

- **Sale of conventional citrus and wine grape land parcel at Nangiloc property**
- **Project Magnum feasibility study continues for the remaining 2650ha at Nangiloc**

Murray River Organics Group Limited (ASX:MRG) ("the Group") today announces it has signed an agreement for the sale of 113ha of planted conventional citrus and wine grapes at its Nangiloc property to a subsidiary of Costa Group Holdings Ltd (ASX:CGC) ("Costa") for \$4.5m.

Coupled with surrounding vacant land, the sale comprises 390 ha of MRO's 3,040 ha Nangiloc property, which is effective from 1 October 2020.

The parcel includes citrus and wine grape plantings with final settlement of the sale subject to registration of a plan of subdivision, which is anticipated to complete in early 2021.

MRG's Managing Director, Valentina Tripp said: "This is another important milestone for the group to realise its vision to become a leading integrated organic branded food business. The funds will be used to pay down debt and allow the business to focus on growth in our branded portfolio."

Under the terms of the sale, Costa will take responsibility for the operations and management of the parcel to be sold, including responsibility for operational costs, and entitlement to crops. The Group will lease the property to Costa until the sale is finalised.

The remaining 2,650 hectares of the Nangiloc property is the subject of a feasibility study, Project Magnum, focusing on optimum crop combinations and a potential localised desalination plant water solution.

As previously announced, MRG has shortlisted parties for the sale of the Fifth Street property and is in the final stages of the sale process.

Strategic Rationale

In 2019 MRG took the strategic decision to reduce exposure from non-core farming assets in its portfolio and accelerate investment in marketing, branding and new product development to increase its share of the growing market for organic products in Australia and internationally.

After exiting from the Colignan lease during FY20, MRG continued to progress its plan, which involves:

1. rationalising non-core conventional assets and reducing debt;
2. investing in marketing, branding and new product development to expanding MRG's Retail and Ingredients businesses;
3. leveraging its core offering of organic dried vine fruit to target high value export markets; and
4. continuing to invest in the turnaround of strategically important farms.

Project Magnum

The feasibility scoping study commissioned in 2019 was initiated to create a vision for the future of the Nangiloc vacant organic certified land. The opportunity to extend organic farming into a range of crops at Nangiloc was examined and a short list of potential crops developed.

Phase 1 commenced in October 2019 with a pilot program to grow low-THC cannabis organically and resulted in a successful harvest of approximately 21 tonnes of high-quality seeds. MRG plans to sow its first organic oat crops under pivot irrigation next April which will be used in our Organic Muesli.

Phase 2 of the plan is in the feasibility stage and will determine the optimum combination of crops focusing on dried vine, almonds, dates and pistachios.

Ensuring long term security of access to economically priced water is the focus of the next phase of development.

The project team is reviewing alternative water access solutions including a potential localised water desalination plant on the balance of the Nangiloc property. This proposed solution involves accessing ground water and reducing its salinity content to make it suitable for irrigation at economically viable rates. The scoping study is undertaking further financial and technical analysis and is securing regulatory approvals to proceed to the next stage.

For further information:

Helen McCombie
Citadel Magnus
P: +61 411 756 248
E: hmccombie@citadelmagnus.com

Valentina Tripp
Chief Executive Officer & Managing Director
P: +61 414 550 337
E: vtripp@murrayriverorganics.com.au

This announcement has been approved for release by the Board of MRG.

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

