

4 July 2018

Extension of bank facility, update on asset sales and formation of Board sub-committee

Murray River Organics Group Limited (ASX:MRG) ("**Company**" or "**MRO**") provides the following update in relation to its bank facility, capital restructure, asset sales and formation of a Board Sub-Committee .

Update on bank facility and capital restructure

MRO is working productively with NAB, its debt provider, and its major shareholders on the capital requirements of the Company's long term agricultural assets, and the working capital needs of the business.

The Company is pleased to confirm that, as part of its ongoing balance sheet discussions with NAB, the parties have entered into an agreement to increase MRO's working capital debt facility by an additional \$3m to \$21m for short term working capital needs plus additional equipment loans. This takes MRO's total debt facility with NAB to \$48.3m. NAB has also agreed that MRO can retain the proceeds of the Walnut Warehouse asset sale.

The Board is currently examining MRO's long-term capital requirements given the current operating performance of the business, and the capital-intensive nature of MRO's agricultural assets. The Company currently expects a further equity raising by the Company will be required. The Board's current intention is for the Company to undertake a rights issue to allow existing shareholders to participate fully in any equity raising, but this will be subject to the continuing support from MRO's shareholders. Any rights issue would be conducted by way of a full disclosure document. The quantum, terms and timing of the proposed capital raising are currently being developed by the Board in conjunction with the Company's long-term debt funding structure.

Mr Andrew Monk, Chairman, added, "Shareholders voted for change earlier this year. The short-term pains and distractions of restructuring, driven by the new Board, combined with the cultural and operational reset now being executed by our team, are expected to deliver results for shareholders over the medium term. In all decisions the Board's goal is to improve the outcome for MRO shareholders."

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Update on asset sales

MRO has been assessing all of its assets against its strategy to be a vertically integrated grower of organic dried vine fruit and a processor and developer of value added better-for-you products for the consumer market.

As part of the review initiated some months ago, several assets were identified as being surplus to requirements. The Company has now entered into a sale contract for the Walnut Avenue Warehouse.

With the agreement of NAB, the proceeds of \$900,000 (before transaction costs) will be retained to support the capital requirements of MRO's other assets. Settlement is expected to occur in mid July 2018, subject to satisfaction of certain customary conditions.

The sale process continues for Fifth Street Vineyard.

Valentina Tripp, Managing Director, said, "We are pleased to be working through the sale of several assets identified as non-core and look forward to completing further sales that support the reset of our balance sheet. The Walnut Avenue Warehouse will be utilised on a sale and lease back arrangement for a limited time as we consolidate our warehousing needs."

Board to convene sub-committee to assess approaches and strategic options

To facilitate the assessment of all strategic options of the MRO business, the Board has convened a Board subcommittee comprising Andrew Monk, Valentina Tripp, Michael Porter and Keith Mentiplay.

This subcommittee will manage the discussions with the bank, shareholders and other equity providers and assess the various strategic options available to the Company, including approaches that have been received by MRO in relation to potential transactions. It will also enable directors to manage perceived and potential conflicts of interest which may arise through expressions of interest from competitors within the food sector. At this stage, the approaches received are incomplete, broad, and range from interest in individual assets to interest in the entire Company.

The Company has not received any offers capable of acceptance or recommendation and will continue to update shareholders of any material developments as these discussions continue.

EM Advisory and Clayton Utz have been retained by the Company to advise the subcommittee and the Board as this work progresses.

Andrew Monk said, "The subcommittee allows the significant work to be undertaken as efficiently as possible. We are committed to exploring all options to maximise shareholder returns."

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Other updates

The Company is also pleased to announce that full year sales for FY2018 are within the previously announced guidance released on 8 May 2018. More details of the FY2018 will be released as MRO completes its year-end review and audit.

The Company currently expects the voluntary suspension of trading in its securities will need to continue for approximately two months to enable the Company to complete its ongoing balance sheet discussions with the bank and major shareholders, and to undertake the work required to issue a full form disclosure document for the proposed equity raising.

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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. 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

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