

22 August 2018

Update on Operations, Capital Raising and Investigations

Murray River Organics Group Limited (ASX:MRG) ("Group") provides the following update.

Update on operations

The turnaround of the MRO operations is proceeding well, with good engagement with customers, growers, suppliers and staff. To execute the turn-around plan a number of new appointments have been made at senior management level, both at our Sunraysia operation and in our Dandenong processing facility. This continues to build capability throughout the business.

The majority of the sales team were removed by prior management in early 2018 which had a significant impact on sales. We are currently recruiting and re-establishing a high-quality sales team under the leadership of Patrick Roseman, the new Head of Sales who joined the Group in July 2018.

Agreement on commercial terms was recently reached with Metcash Trading Limited, a wholly owned subsidiary of Metcash Limited, to range 22 new product lines from our 'Pacific Organics' brand stable, which represents the first significant new business for Pacific Organics in some time.

Chief Executive, Valentina Tripp said, "This has been a difficult period operationally as the company has worked to realign its business with the needs of its customers. We are committed to working with our growers and suppliers to continue to bring new better-for-you products to market."

"Our grocery partners, and the over 500 SMEs in the independent speciality retail chains are the foundation of our wholesale sales-channel and meeting their customer demands is at the core of our business strategy. The company is also focused on restoring export customer relationships across Japan, China, Vietnam, Europe and the USA."

The Company expects to release further guidance about FY19 performance prior to the finalisation of the FY18 accounts. The release of the FY18 accounts is expected on 31 August.

Update on strategic review and capital raisings

The Company is pleased to announce the appointment of Shaw and Partners as broker to the proposed equity raising. The current expectation is that a raising in the order of \$30M is needed to return the business to financial health. Much of this investment will be used to bring vines to maturity and return

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them to full health and yield. A component will also be used for working capital to support the growth of the Pacific Organics and better-for-you products business.

The sale of Fifth Street has recommenced through our agent Harcourt Landmark Mildura.

Discussions with NAB continue regarding the appropriate levels of long-term debt for MRO, and we would expect resolution of these discussions as the equity raising is confirmed.

The Company continues to explore all strategic options to maximise the value to shareholders and is continuing discussions with a variety of potential interested parties.

Update on investigations

The MRG Board has received the report from Korda Mentha relating to the alleged improper conduct by a staff member, primarily at the Fifth Street and Gol Gol properties. These matters will now be handed to the appropriate authorities for further investigation. The staff member involved was suspended during the investigation and subsequently resigned. The founders of MRO are assisting with the investigations.

The current Board has implemented improved practices and controls to ensure such activities cannot be repeated. The Board and Management are focused on building a new, invigorated, professional team, operating with integrity, governance and performance throughout MRO.

The MRO Board and management are focused on long term value creation for investors, customers, staff and our Sunraysia community.

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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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