



# Prospectus.

**Murray River Organics Group Limited**

**ACN 614 651 473**

An accelerated renounceable 3.843:1 rights issue of Murray River Organics Group Limited (**Company, Murray River Organics, MRG or Group**) ordinary shares (**New Shares**) at an offer price of \$0.015 per New Share (**Offer Price**) (**Entitlement Offer**) to raise approximately \$25 million.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Tuesday, 25 February 2020 (unless extended).

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Shaw and Partners Limited (**Underwriters**).

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This Prospectus is a transaction specific prospectus prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. This Prospectus requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. Please consult your stockbroker, accountant or other professional adviser if you have any questions.

**Important  
notice.**

# Important Notice

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Prospectus relates to the 3.843:1 renounceable rights offer of New Shares to raise approximately \$25 million which is being conducted by Murray River Organics Group Limited.

This Prospectus will also be utilised for the issue of up to 105,035,248 Shares to Arrow (**Arrow Shares**), as described in Section 2.4.2.3.

Capitalised terms in this section have the meaning given to them in this Prospectus. This Prospectus is issued by the Company.

### Lodgement

This Prospectus is dated 6 February 2020 and was lodged with ASIC on that date. None of ASIC, the ASX or their respective Officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company will apply within 7 days of the date of this Prospectus to ASX for quotation of the New Shares on ASX.

This Prospectus expires on the date which is 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### Purpose of this Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

This Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisors. Investors should therefore have regard to the other information disclosed to ASX in relation to the Company before deciding whether to invest.

### Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

Some of the risk factors that should be considered by investors are set out in Section 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on New Shares or Additional New Shares.

### **No cooling-off Entitlement**

Cooling-off Entitlement do not apply to an investment in New Shares or Additional New Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire New Shares or Additional New Shares under this Prospectus once it has been accepted.

### **Obtaining a copy of this Prospectus**

The Entitlement Offer constituted by this Prospectus in electronic form at <https://murrayriverorganicsoffer.thereachagency.com> is available only to persons within Australia and certain persons in other jurisdictions authorised by the Company. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Subject to the foregoing, the Prospectus is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Retail Entitlement Offer closes, obtain a paper copy of this Prospectus (free of charge) by telephoning the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm Monday to Friday.

Applications for New Shares and Additional New Shares under the Retail Entitlement Offer may only be made on an Entitlement and Acceptance Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form onto another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

The Underwriters will separately provide to Eligible Institutional Shareholders details of how to apply under the Institutional Entitlement Offer at the commencement of the Institutional Entitlement Offer.

The Arrow Shares may only be acquired by Arrow (or its nominee). The Company will separately provide to Arrow details of how to subscribe for the Arrow Shares.

## **Statements of past performance**

This Prospectus includes information regarding the past performance of MRG. Investors should be aware that past performance is not indicative of future performance.

## **Financial performance**

Section 5 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of the financial information.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## **Future performance and forward looking statements**

This Prospectus contains certain “forward looking statements” and comments about future matters. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance”, and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Prospectus speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward looking statements contained in this Prospectus are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of MRG, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the key risks outlined in Section 6 of this Prospectus for a non-exhaustive summary of certain general and specific risk factors that may affect MRG. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the key risk factors outlined in Section 6 of this Prospectus. Investors should consider the forward looking statements contained in this Prospectus in light of those risks and disclosures.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. The Company has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data, industry estimates and projections. The Company has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that MRG believes to be reliable, but the Company cannot guarantee the completeness of such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors as set out in Section 6. This information should not be used as a basis for investments and should not be considered as an opinion as to the value of any security or advisability of investing in New Shares.

To the maximum extent permitted by law, the Company and its Officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such forward looking statements, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

The forward looking statements are based on information available to the Company as at the date of this Prospectus. Except as required by law or regulation (including the ASX Listing Rules), the Company has no obligation to supplement, revise or update any forward looking statements, regardless of whether new information, future events or results or other factors affect the information contained in this Prospectus.

### **Independent Limited Assurance Report on the Financial Information and Financial Services Guide**

The provider of the Independent Limited Assurance Report ("ILAR") on the Financial Information is required to provide Australian Retail Applicants with a financial services guide in relation to its independent review under the Corporations Act. The ILAR and accompanying financial services guide is provided in Section 9.

### **Photographs and diagrams**

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by MRG. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

### **No representation other than in this Prospectus**

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company or its Directors.

### **Defined terms and time**

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Section 10.

Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Daylight Savings Time (AEDT).

### **Disclaimer**

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

The Company, the Company's Share Registry and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry, the Underwriters or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

The assignment, transfer and exercise of Entitlements trading on ASX is restricted to persons meeting certain eligibility criteria. If holders of Entitlements at the end of the trading period do not meet eligibility criteria, they will not be able to exercise the Entitlements and, as a result, they will receive no value for them if there is no Premium resulting from their sale in the Bookbuild.

The Company, the Company's Share Registry and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who trade New Shares they believe will be issued to them before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry, or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

### **Selling restrictions**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares, the Entitlements, the Entitlement Offer, or to otherwise permit a public offering of New Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. In particular, the New Shares, the Entitlements and the Arrow Shares have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any state of the United States and may not be offered or sold in the United States unless the New Shares or the Arrow Shares are registered under the US Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 3.14 for more detail on the restrictions on distribution and selling restrictions that apply to the offer and sale of New Shares in jurisdictions outside Australia.

### **References to “you” and “your Entitlement”**

In this Prospectus, references to “you” are references to Eligible Shareholders and references to “your Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders.

### **Privacy**

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you. By filling out the Entitlement and Acceptance Form to apply for New Shares and any Additional New Shares, the Company through the Share Registry, which is contracted by the Company to manage Applications, may update that personal information or collect additional personal information. The Company and the Share Registry on the Company's behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of MRG may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, Shares and for associated actions.

In most cases you can gain access to your personal information held by the Share Registry on behalf of the Company. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information held by the Share Registry on behalf of the Company by contacting the Share Registry as follows:

Computershare Investor Services Pty Limited  
 452 Johnston Street  
 Abbotsford, Victoria, 3067  
 Tel: +61 3 9415 4000  
 Email: [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

#### **Use of trademarks**

This Prospectus includes the Group's registered and unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.



# Table of contents.

## Table of Contents

<b>IMPORTANT NOTICE</b>	<b>3</b>
<b>TABLE OF CONTENTS</b>	<b>10</b>
<b>KEY INFORMATION AND DATES FOR THE ENTITLEMENT OFFER</b>	<b>12</b>
<b>LETTER FROM THE CHAIRMAN</b>	<b>15</b>
<b>1. INVESTMENT OVERVIEW</b>	<b>19</b>
<b>2. COMPANY OVERVIEW</b>	<b>32</b>
<b>3. DETAILS OF THE ENTITLEMENT OFFER AND HOW TO APPLY</b>	<b>47</b>
<b>4. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER</b>	<b>61</b>
<b>5. FINANCIAL INFORMATION</b>	<b>67</b>
<b>6. KEY RISKS</b>	<b>84</b>
<b>7 KEY PEOPLE, INTERESTS AND BENEFITS</b>	<b>95</b>
<b>8 ADDITIONAL INFORMATION</b>	<b>108</b>
<b>9 INDEPENDENT LIMITED ASSURANCE REPORT (ILAR)</b>	<b>123</b>
<b>10 GLOSSARY</b>	<b>125</b>
<b>CORPORATE DIRECTORY</b>	<b>131</b>

# Key Details.

## Key information and dates for the Entitlement Offer

Key Offer details	
Maximum number of New Shares offered under the Entitlement Offer	1,666,943,873 Shares
Maximum number of Arrow Shares to be issued	105,035,248 Shares
Total Entitlement Offer proceeds	Approximately \$25 million
Offer Price	\$0.015 per Share
Total number of Shares on issue on Completion of the Offer	2,100,704,964 Shares
Total number of Shares on issue following the issue of the Arrow Shares <sup>1</sup>	2,205,740,212 Shares

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in New Shares. In particular, Section 5 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information. Section 5 should be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

---

<sup>1</sup> The total number of Shares on issue following Completion of the Offer and the issue of the Arrow Shares assumes that no Performance Rights or Options vest or are exercised prior to the Record Date, or the date of issue.

Key Offer details	
Announcement of the Entitlement Offer Prospectus lodgement date	Thursday, 6 February 2020
Institutional Entitlement Offer opens	Thursday, 6 February 2020
Institutional Entitlement Offer closes	5.00pm (AEDT) Friday, 7 February 2020
Announcement of Institutional Entitlement Offer results	Monday, 10 February 2020
Entitlement Offer Record Date	7.00pm (AEDT) Monday, 10 February 2020
Prospectus dispatched	Thursday, 13 February 2020
Retail Entitlement Offer opens	Thursday, 13 February 2020
Institutional Entitlement Offer settlement	Monday, 17 February 2020
Allotment of New Shares to be issued under the Institutional Entitlement Offer	Tuesday, 18 February 2020
Retail Entitlement Offer closes	5.00pm (AEDT) Tuesday, 25 February 2020
Retail Shortfall notification and announcement of Retail Entitlement Offer results	Wednesday, 26 February 2020
Bookbuild (if required)	Thursday, 27 February 2020
Announcement of results of Bookbuild (if required)	Friday, 28 February 2020
Retail Entitlement Offer, Bookbuild and Top Up Facility settlement	Tuesday, 3 March 2020
Issue of New Shares under Retail Entitlement Offer, Additional New Shares under the Bookbuild and Top Up Facility and Arrow Shares	Wednesday, 4 March 2020
Commencement of trading of all New Shares issued under the Offer and the Arrow Shares Voluntary trading suspension lifted	Thursday, 5 March 2020

\* The timetable above is indicative only and is subject to change. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases), to close the Entitlement Offer early and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares under the Retail Entitlement Offer and the Additional New Shares under the Bookbuild and Top Up Facility.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

The commencement of quotation of New Shares is subject to confirmation from ASX.

# Chairman's Letter.

# Letter from the Chairman

6 February 2020

Dear Shareholder,

## Murray River Organics Group Limited (ASX: MRG) – Entitlement Offer

On behalf of the Board of Murray River Organics Group Limited, I invite you to participate in MRG's pro-rata accelerated renounceable entitlement offer of New Shares at an Offer Price of \$0.015 per New Share (**Offer Price**) (**Entitlement Offer**), to raise approximately \$25 million.

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Shaw and Partners Limited (**Underwriters**).

Over the past year, MRG embarked on an extensive transformation process to restructure and grow our farmed produce, develop and build our retail brands and improve operating efficiencies in order to deliver long-term value for our shareholders. The Company achieved significant milestones while also experiencing some unexpected challenges.

In developing our 'organic and better-for-you Food business', we have launched the new Murray River Organics (**MRO**) branding along with multiple new generation high-margin products and terminated many low margin generic lines. We have also expanded our international presence with partnerships in Asia and other key international markets.

On our owned farming assets, we have planted new vines, instigated remediation of existing vineyards, made strategic decisions on varietal changes to suit demand in the decade ahead, and planted our first edible organic hempseed crop.

This year has not been without its challenges, which have been experienced across the agri-sector. Extended drought conditions combined with severe weather conditions in Sunraysia impacted our vines and materially increased water prices. This resulted in increased farm operating costs and drove lower than forecast yields for the 2019 harvest.

A critical milestone was reached in MRG's capital management initiatives in late 2019, with the successful restructure of the relationship with Arrow Funds Management (**Arrow**), owner of the Colignan property. This change is fundamentally transformative for MRG and will result in a significantly lower cash outflow.

These milestones and challenges have led us to refine our strategic position. We will look to continue leveraging our strong brand and customer value proposition with an increasing focus on retail distribution and export growth. We will also seek to de-risk our business through an asset realisation program, whilst retaining strategically important organic farming operations.

We are now actively seeking the sale of the Nangiloc property and the Fifth Street property. Proceeds from the sale of these assets will be used to reduce the Company's debt and will provide a greater focus and enhanced capacity to invest in high-margin branded product development for our 'organic and better-for-you food business' in domestic grocery channels, as well as our international growth strategy.

Our core dried vine fruit farms together with our broader supply chain capability allow us to provide our customers with a vertically integrated, scalable model with security of supply and high quality standards. We believe this competitive advantage will help us become a major player in organic and 'better for-you' food both domestically and internationally.

The Company requires further funds to enable MRG to progress its transformation journey and meet its debt obligations. The funds raised from the Entitlement 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 strategy.

This will provide a pathway to profitability, which is targeted for FY22, while getting on with the business of creating a truly iconic and peerless Australian organic agri-food company.

## Entitlement Offer

The Entitlement Offer will be conducted in two stages:

- an accelerated renounceable institutional entitlement offer of New Shares to Eligible Institutional Shareholders (**Institutional Entitlement Offer**); and
- a renounceable retail entitlement offer of New Shares to Eligible Retail Shareholders (**Retail Entitlement Offer**),

which will be conducted in accordance with the "Key Dates" section of this Prospectus.

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 3.843 New Shares at the Offer Price for every 1 fully paid ordinary Shares held at 7.00pm (AEDT) on the Record Date of Monday 10 February 2020.

Any New Shares for which a valid application is not received will be renounced and offered for sale to existing Eligible Shareholders as well as new and existing Institutional Investors and Australian resident retail clients of Brokers who have received a firm allocation of Shortfall Shares from their Broker, through a single shortfall bookbuild (**Bookbuild**) to be conducted following close of the Retail Entitlement Offer, or acquired by Eligible Retail Shareholders under a top up facility (**Top Up Facility**).

Full details of the Bookbuild and Top Up Facility are set out in Section 3.

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.

A maximum of 1,666,943,873 New Shares will be issued under the Entitlement Offer.

The Entitlement Offer is fully underwritten by the Underwriters. In addition, the Underwriters have received a commitment from substantial holder, Thorney to sub-underwrite up to 279,646,348 million Shortfall Shares. For more information on the underwriting and sub-underwriting arrangements, see Sections 8.5 and 4.3 respectively of this Prospectus.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Tuesday, 25 February 2020 (unless extended).

## Prospectus

This Prospectus contains important information about the Entitlement Offer and MRG, including:

- Key dates
- Entitlement Offer details & how to apply for New Shares and Additional New Shares under the Retail Entitlement Offer
- Important information about MRG and the New Shares that you should carefully consider, before deciding whether to participate in the Entitlement Offer
- Key Risks associated with an investment in MRG
- Entitlement and Acceptance Form

## Taking up your Entitlements

To participate in the Retail Entitlement Offer, you need to ensure that your personalised Entitlement and Acceptance Form is completed in accordance with the instructions provided on the form and the instructions in this Prospectus under "Entitlement Offer Details & How to Apply".

To participate in the Retail Entitlement Offer, you must ensure that you have completed your application by paying Application Monies by BPAY® before 5.00pm (AEDT) on Tuesday, 25 February 2020 or by lodging your completed Entitlement and Acceptance Form with your Application Monies paid by cheque or bank draft, so



that they are received by the Share Registry before 5.00pm (AEDT) on Tuesday, 25 February 2020.

If you do not wish to take up any of your Entitlement, you do not have to take any action. In that event, as the Entitlement Offer is renounceable, your Entitlement will be issued to the Nominee and sold on your behalf through a bookbuild process to be undertaken by the Underwriters (see Section 3.5 of this Prospectus).

The Underwriters will separately provide to Eligible Institutional Shareholders details of their Entitlements and how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.

Eligible Retail Shareholders who take up all of their Entitlements may apply to take up Additional New Shares in excess of their individual Entitlement under the Top Up Facility (see Section 3.5 of this Prospectus).

## **Risks**

Investment in the Group is subject to specific and general risks.

In particular, there is no guarantee as to the benefits of the turnaround strategy that the Company has commenced, nor the time that may be required to realise these benefits. Delays or failure to effectively implement the turnaround strategy could have a material adverse effect on MRG's future financial performance.

Set out in Section 1.3 and 6.2 are other specific key risks to which MRG is exposed. Further general risks associated with an investment in the Group are outlined in Section 6.3.

## **Further information and application instructions**

Further details of the Entitlement Offer, as well as the key risks associated with investing in the Entitlement Offer are set out in this Prospectus (refer to the key risks outlined in Section 6 of this Prospectus) which I encourage you to read carefully and in its entirety.

You should consult your stockbroker, accountant, or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

If you have any questions about the Entitlement Offer, please call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm Monday to Friday or visit the MRG website at [www.murrayriverorganics.com.au](http://www.murrayriverorganics.com.au).

We are committed to completing the turnaround to realise the value of the business, assets, vines and farms that MRG owns.

On behalf of the Board of Directors and management team of MRG, I invite you to consider this investment opportunity and thank you for your continued support.

**Yours faithfully**

**Andrew Monk**  
**Chairman**

# **1. Investment overview.**

# 1. Investment overview

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

## 1.1 Overview of Murray River Organics

Topic	Summary	Further information
<b>Who is Murray River Organics?</b>	Murray River Organics is a vertically integrated business focusing primarily on the manufacture of certified organic, natural and 'better-for-you' food products. Its expanding portfolio of products includes dried vine fruit, nuts, dried fruit, seeds, berries, grains, coconut and other ingredients. MRG sells products Australia wide and in a number of overseas markets. MRG is also Australia's largest vertically integrated producer in its core product offering of organic dried vine fruit.	Section 2.1
<b>What is MRG's business model and how does it generate revenue?</b>	<p>Murray River Organics operates farms, sources products from third parties and processes and packages products to service the organic, natural and healthy food markets in Australia and international markets, as shown below.</p> <p><b>Farming</b></p> <p>MRG currently owns properties with an approximate book value of \$39.5 million including 11 farms in the Sunraysia region of Australia and the Mourquong facility. The Group's Core Farms comprise vineyards and other properties for production of dried vine fruit and clusters, with some citrus (approximate value of \$15 million based on last independent valuations in June 2018). The Non-Core Farms currently produce citrus fruits, wine grape and table grapes and hempseed (approximate value of \$20 million based on last independent valuations in June 2018). Currently approximately 582 hectares of the Group's land holdings are planted.</p> <p>MRG intends to sell Non-Core Farms and farming assets (Nangiloc and Fifth</p>	Section 2.2

	<p>Street Farm) and use the proceeds to pay down debt, in satisfaction of its obligations under the Banking Facilities.</p> <p><b>Sourcing</b></p> <p>MRG has established supply partnerships with grower-producers across Australia, North America, South America, India, Turkey and Asia, to source ingredients for its key organic and 'better-for-you' categories including dried fruits, coconut, grains, flours, dried berries and seeds.</p> <p>Sourcing activities are expected to build the scale required to leverage MRG's existing production capacity and deliver increased economies of scale.</p> <p><b>Processing and packing</b></p> <p>MRG operates three facilities – a certified organic dried vine fruit processing facility in Mourquong, New South Wales (Sunraysia Facility), used to process dried vine fruit and clusters; a certified organic manufacturing facility in Dandenong, Victoria (Dandenong Facility), which provides packaging, freezing and cool room capabilities and services the retail, ingredients and wholesale markets internationally and in Australia; and a shared warehouse facility in Dandenong South, Victoria (South Park Drive Shared Facility) to accommodate additional storage requirements of the business.</p>	
<b>In what market does MRG operate?</b>	<p>MRG operates in the organic, natural, and 'better-for-you' food products market.</p> <p>MRG's channels to market are:</p> <ul style="list-style-type: none"> <li>• National retail, including supermarkets and specialty retailers in Australia</li> <li>• Wholesale and ingredients customers in Australia and globally</li> <li>• Exports across Asia, US and Europe; including fresh fruit – citrus, and table grapes</li> <li>• Fresh fruit – MRG farmed citrus and table grapes sold to packing and marketing companies, with wine grapes to wine makers</li> </ul>	<i>Section 2.2.5</i>
<b>What is MRG's vision and strategy?</b>	<p>The Company's strategy is structured around five key pillars:</p> <ol style="list-style-type: none"> <li>1. Develop market leading, purpose-driven organic brands with exceptional product innovation</li> <li>2. Disrupt the food market via strong relationships with customers and innovative thinking</li> <li>3. Build a global organic and 'better-for-you' ingredients business</li> <li>4. Leverage our agricultural heritage and flexible processing capabilities</li> <li>5. Drive process excellence to develop best-in-class operating model</li> </ol>	<i>Section 2.4</i>

## 1.2 Overview of the Entitlement Offer & How to Apply

Topic	Summary	Further information
<b>What is the Entitlement Offer?</b>	<p>The Company intends to raise approximately \$25 million through the Entitlement Offer.</p> <p>The Entitlement Offer is an accelerated renounceable pro rata offer of New Shares in the Company, at the Offer Price, comprising:</p> <ul style="list-style-type: none"> <li>• Institutional Entitlement Offer to Eligible Institutional Shareholders</li> <li>• Retail Entitlement Offer to Eligible Retail Shareholders</li> <li>• Bookbuild of Entitlements of Eligible Shareholders not taken up in the Entitlement Offer and Entitlements of Ineligible Shareholders</li> </ul> <p>Under the Entitlement Offer, Eligible Shareholders will be able to subscribe for 3.843 New Shares for every 1 Share held at the Record Date. In addition, Eligible Retail Shareholders will be able to subscribe for a dollar value of Additional New Shares (at the Bookbuild Price) in excess of their Entitlement under the Top Up Facility.</p> <p>All New Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all existing Shares. A summary of the rights attaching to the New Shares is set out in Section 8.4.</p>	<i>Section 3.1, 3.2 and 3.5</i>
<b>What is the Offer Price?</b>	<p>\$0.015 per New Share.</p> <p>The price of Additional New Shares will be set at the highest bid price under the Bookbuild that will allow the maximum number of Additional New Shares to be issued to participants in the Bookbuild and Top Up Facility.</p>	<i>Section 3.1 and 3.5</i>
<b>Who is the issuer of the Prospectus?</b>	Murray River Organics Group Limited (ACN 614 651 473).	<i>Important Notices</i>

How will the proceeds of the Entitlement Offer be used?	<p>The Entitlement Offer is expected to raise approximately \$25 million. The following table details the uses of the proceeds from the Entitlement Offer:</p> <table><tr><th colspan="2">Sources of funds</th><th colspan="2">Uses of funds</th></tr><tr><td>Entitlement Offer</td><td>25.0</td><td>Complete existing vineyard development</td><td>3.0</td></tr><tr><td></td><td></td><td>New product development, equipment and associated product launch working capital</td><td>8.0</td></tr><tr><td></td><td></td><td>Sales and marketing expenses</td><td>2.0</td></tr><tr><td></td><td></td><td>Repayment of existing debt</td><td>4.0</td></tr><tr><td></td><td></td><td>Interest payments for 18 months</td><td>3.8</td></tr><tr><td></td><td></td><td>Payment of Colignan exit fee</td><td>1.3</td></tr><tr><td></td><td></td><td>Offer costs</td><td>2.9</td></tr><tr><td><b>Total Sources</b></td><td><b>25.0</b></td><td><b>Total uses</b></td><td><b>25.0</b></td></tr></table>	Sources of funds		Uses of funds		Entitlement Offer	25.0	Complete existing vineyard development	3.0			New product development, equipment and associated product launch working capital	8.0			Sales and marketing expenses	2.0			Repayment of existing debt	4.0			Interest payments for 18 months	3.8			Payment of Colignan exit fee	1.3			Offer costs	2.9	<b>Total Sources</b>	<b>25.0</b>	<b>Total uses</b>	<b>25.0</b>	Section 4.1
Sources of funds		Uses of funds																																				
Entitlement Offer	25.0	Complete existing vineyard development	3.0																																			
		New product development, equipment and associated product launch working capital	8.0																																			
		Sales and marketing expenses	2.0																																			
		Repayment of existing debt	4.0																																			
		Interest payments for 18 months	3.8																																			
		Payment of Colignan exit fee	1.3																																			
		Offer costs	2.9																																			
<b>Total Sources</b>	<b>25.0</b>	<b>Total uses</b>	<b>25.0</b>																																			
Is the Entitlement Offer underwritten?	The Underwriters have agreed to fully underwrite the Entitlement Offer.	Section 8.5																																				
What is the effect of the Entitlement Offer on control of the Company?	<p>As the Entitlement Offer is structured as a pro rata issue to all Eligible Shareholders, it will not have any material effect or consequence on the control of the Company if all Eligible Shareholders take up their Entitlements. If some Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise), their shareholding in the Company will be diluted. The shareholding of Shareholders who only take up part of their Entitlements will also be diluted, but to a lesser extent.</p> <p>The potential effect that the Entitlement Offer will have on the control of MRG (and the consequences of that effect) will depend on a number of factors, including the extent to which Eligible Shareholders take up their Entitlements, the extent to which Eligible Retail Shareholders apply for Additional New Shares under the Top Up Facility, and the extent to which Institutional Investors and Brokers participate in the Bookbuild.</p> <p>The Company's largest Shareholder, Thorney, (with a relevant interest in Shares constituting Voting Power of 33.05% in the Company based on substantial holding notices that have been given to the Company and lodged with ASX on or prior to the date of this Prospectus) has committed to take up 100% of its Entitlements and to act as sub-underwriter to the Entitlement Offer for up to 279,646,348 Shortfall Shares. In the event that</p>	Section 4.3																																				

there are Shortfall Shares and the Underwriters allocate all Shortfall Shares for which Thorney has agreed to subscribe in accordance with its sub-underwriting commitment, the potential effect or consequence on the control of the Company is as follows:

Thorney holding following take-up of their Entitlement only	Percentage take up by Eligible Shareholders (other than Thorney)	Maximum potential allocation of Shortfall Shares to Thorney <sup>1</sup>	Potential number Shares held by Thorney post Completion of the Offer and issue of Arrow Shares <sup>2</sup>	Potential Voting Power % of Thorney post Completion of the Offer and issue of Arrow Shares
697,763,744	100%	-	697,763,744	31.63%
697,763,744	75%	278,314,222	976,077,966	44.25%
697,763,744	50%	279,646,348	977,410,092	44.31%
697,763,744	25%	279,646,348	977,410,092	44.31%
697,763,744	0%	279,646,348	977,410,092	44.31%

1. Allocation to sub-underwriters is at the discretion of the Underwriters in agreement with the Company, however this column show the maximum potential allocation of Shortfall Shares to Thorney for illustrative purposes.
2. The number of Shares held by Thorney post Completion of the Offer shown in this column assumes that Thorney subscribes for 100% of its Entitlements and that the Underwriters exercise discretion to allocate 100% of Shortfall Shares to Thorney, subject to Thorney's maximum sub-underwriting commitment of 279,646,348 Shares.

The number of Shortfall Shares acquired by Thorney pursuant to its sub-underwriting obligation, and therefore Voting Power of Thorney following Completion of the Offer, will be reduced by the number of Entitlements accepted under the Entitlement Offer, the number of Additional New Shares applied for by Eligible Retail Shareholders under the Top Up Facility, the extent to which Institutional Investors and Brokers participate in the Bookbuild and the proportion of any Shortfall Shares allocated by the Underwriters to other sub-underwriters. The Voting Power of Thorney will also be diluted by the proposed issue of Arrow Shares (which is expected to occur on or around Completion of the Offer).

**Will the New Shares be quoted?**

Yes. The Company will apply within 7 days of the date of this Prospectus to the ASX for quotation of New Shares on the ASX.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Entitlement Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company is required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time.

*Section 3.13*

	The ASX and its officers take no responsibility for this Prospectus or the investment to which it relates.	
<b>Is the Entitlement Offer subject to shareholder approval?</b>	The Entitlement Offer is not subject to shareholder approval.	
<b>What are the tax implications of investing in the New Shares?</b>	<p>An overview of certain Australian tax consequences of investing in the New Shares is included in Section 8.7.</p> <p>The tax consequences of any investment in the New Shares will depend on an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	<i>Section 8.7</i>
<b>When will I receive confirmation that my Application has been successful?</b>	<p>It is expected that holding statements in respect of New Shares issued under the Institutional Entitlement Offer will be dispatched by standard post on or around Wednesday, 19 February 2020.</p> <p>It is expected that holding statements in respect of New Shares issued under the Retail Entitlement Offer and Additional New Shares (if any) issued under the Top Up Facility and Bookbuild will be dispatched by standard post on or around Thursday, 5 March 2020.</p>	<i>Timetable</i>
<b>How can I apply?</b>	<p>You may apply for New Shares under the Retail Entitlement Offer by completing a valid Entitlement and Acceptance Form attached to or accompanying this Prospectus and returning it to the Registry with your payment, or by making a payment via BPAY® in accordance with the instructions on your Entitlement and Acceptance Form.</p> <p>In addition, Eligible Retail Shareholders who take up all of their Entitlement may also apply for Additional New Shares under the Top Up Facility (which will be issued at the Bookbuild Price).</p> <p>Eligible Institutional Shareholders and Brokers may also be invited to participate in the Bookbuild.</p> <p>The Company and the Underwriters will separately advise participants in the Institutional Entitlement Offer of the application procedures for Applications for New Shares to be issued under the Institutional Entitlement Offer.</p>	<i>Section 3.8</i>
<b>Can I withdraw my Application?</b>	To the extent permitted by law, Applications are irrevocable.	<i>Important Notices, Section 3.7</i>
<b>Can I apply for Additional New Shares?</b>	Yes. Eligible Retail Shareholders who take up all of their Entitlement may also apply for Additional New Shares under the Top Up Facility, and Eligible Institutional Shareholders may participate in the Bookbuild, other than (in	<i>Section 3.5</i>



	each case) Shareholders that would require Shareholder approval to acquire Additional New Shares.	
<b>Can I sell my Entitlements under the Entitlement Offer?</b>	<p>As the Entitlement Offer is renounceable, in the event that certain Eligible Shareholders do not take up some or all of their Entitlements, such Entitlements that are not taken up will be issued to the Nominee and offered for sale on behalf of Renouncing Shareholders and Ineligible Shareholders through the Bookbuild to be conducted by the Underwriters, and the Top Up Facility.</p> <p>There will be no trading of rights on ASX and you may not dispose of your Entitlements to any other party.</p>	<i>Section 3.2, 3.3, 3.5, 3.6 and 3.8</i>
<b>When are the New Shares expected to commence trading?</b>	<p>The Company will remain in voluntary suspension until Completion of the Offer.</p> <p>It is therefore expected that the New Shares issued under the Entitlement Offer will commence trading on the ASX on normal settlement basis on or about Thursday, 5 March 2020, when the voluntary suspension is lifted and trading in all Shares resumes.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading New Shares or Additional New Shares. Applicants who sell New Shares or Additional New Shares before they receive an initial holding statement do so at their own risk.</p>	<i>Section 3.2 and 3.8</i>
<b>Can the Entitlement Offer be withdrawn?</b>	<p>Yes. The Company reserves the right not to proceed with the Entitlement Offer at any time before the issue or transfer of New Shares to successful Applicants.</p> <p>If the Entitlement Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Entitlement Offer.</p>	<i>Section 3.16</i>
<b>Where can I find out more information about this Prospectus or the Entitlement Offer?</b>	<p>All enquiries in relation to this Prospectus should be directed to the MRG Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (from outside Australia) between 8.30am and 5.00pm (AEDT) Monday to Friday.</p> <p>If you require assistance to complete the Entitlement and Acceptance Form, have any questions in relation to the Entitlement Offer or are uncertain as to whether obtaining New Shares or Additional New Shares is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser before deciding whether to invest.</p>	<i>Section 3.17</i>
<b>What are the Arrow Shares?</b>	As noted in Section 2.4.2.3, MRG has also agreed to issue Arrow with such number of Shares as is equal to 5% of the issued share capital of MRG (after completion of the Entitlement Offer) as part consideration for Arrow agreeing to termination of the Colignan lease (expected to 105,035,248 Shares).	<i>Section 2.4.2.3</i>

	Only Arrow (or its nominee) may accept the offer of the Arrow Shares.	
	The Arrow Shares will rank equally in all respects with Shares on issue.	

### 1.3 Key risks

The business, assets and operations of the Group are subject to certain risk factors that have the potential to influence future operating and financial performance. These risks may have an impact on the value of an investment in Shares.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseeable and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are a summary of some of specific key risks to which MRG is exposed. Further risks associated with an investment in the Group are outlined in Section 6.

Topic	Summary	Further information
<b>Execution and impact of turnaround strategy</b>	<p>Following a strategic review of the business in June 2018, the 2018 Turnaround Strategy was announced (Section 2.4) which focused on; operations, customer, farms, 3rd party supply, system, people &amp; culture. In FY2019 significant progress was achieved in each of these areas and further work is ongoing. However, MRG does not expect that the benefits of the turnaround strategy will generate positive cash flows in the near term, and there is no guarantee as to the benefits that the turnaround strategy will realise, nor the time that may be required to realise these benefits. Delays or failure to efficiently implement the turnaround strategy, including as a result of circumstances beyond the control of MRG such as those challenging conditions MRG has experienced in 2019, could have a material adverse effect on MRG's future financial performance.</p> <p>The key financial conditions MRG must meet to continue to fund its turnaround strategy are outlined in Section 5.2.3.</p>	<i>Section 6.2.1</i>
<b>Access to funding</b>	<p>During FY2019 the Group successfully completed a capital raising of \$30.6 million and renegotiation of a new three-year multi option banking facility with NAB expiring 30 November 2021 to support its turnaround strategy. In December 2019 and February 2020, MRG announced further amendments to its Banking Facilities with NAB as part of its ongoing capital management initiatives, the terms of which require MRG to repay \$4.0 million by 31 March 2020, \$7.5 million by 30 November 2020 and \$2.5 million by 30 June 2021 (or, in respect of any repayment date, such later date as agreed by the parties), thereby reducing the total amount available under the facility to \$40.0 million. The Group is also required to meet financial covenants.</p> <p>The Group has experienced variability in the amount and timing of operating cash flows to enable the Group to successfully execute its</p>	<i>Section 6.2.2</i>

	<p>turnaround plan during the first year of its three-year turnaround plan, and there is a risk that MRG may experience further variability in its cash flow requirements.</p> <p>The Group may also require further funding in the future to complete the current turnaround strategy or to fund growth strategies. There is a risk that the Group may be unable to access debt or equity funding from the capital markets or its existing lenders on favourable terms, or at all.</p>	
<b>Customer Risk</b>	<p>MRG's top ten customers comprised approximately 75% of FY2019 sales. There is a risk that the Group may lose customers for a number of reasons, and the loss of any large customer (particularly key customers such as major Australian supermarkets) or a material number of smaller customers, the reduction of purchasing levels or the cancellation of any business from a large customer or a material number of smaller customers for an extended period of time may adversely affect the business, including MRG's market share or profit margins.</p> <p>MRG's customer contracts are short term, with supply periods typically for one season or one year (which may depend on the product's seasonality), and the prices at which its products are sold are subject to fluctuation depending on the level of supply and demand at the time the products are sold. In addition, a significant proportion of these customer contracts do not have fixed or minimum volume requirements, and do not oblige customers to continue purchasing MRG's products.</p>	<i>Section 6.2.3</i>
<b>Horticultural Risk</b>	<p>There are a number of factors that may affect the yield of agricultural crop, and yields may vary from vine to vine and harvest to harvest, which may impact MRG's performance.</p> <p>In particular, as a producer and buyer of agricultural produce, climate change or prolonged periods of adverse weather and climatic conditions (including floods, hail, drought, water scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on agricultural productivity, decreased availability or less favourable pricing for certain commodities necessary for the Group's products. Such conditions may also increase growing costs, lower crop yields and reduce crop size and quality, as MRG has experienced in 2019, which could reduce availability of ingredients or adversely the price of such ingredients.</p>	<i>Section □</i>
<b>Water supply</b>	<p>Adequate water supply is critical to the success of MRG to grow crops. There is a risk that the Group's operations may be exposed to natural events, many of which are outside the control of MRG, including floods, storms, fire and other adverse environmental changes.</p> <p>Adverse changes in water quality (including salinity levels in the Murray River and Darling River), allocation, availability of water entitlement, or the price of water may restrict MRG's access to water for its operations and increase the cost to produce both dried vine and citrus fruits.</p>	<i>Section 6.2.5</i>

	<p>In addition, continued or worsening drought conditions may result in reduced availability of water to MRG, increased water consumption by crops, high water costs as well as impact on yield, fruit size and timing.</p> <p>Further, MRG will be required to renew two of its water leases in June 2020, which are subject to receipt of necessary approvals from the governing water authorities.</p> <p>A decrease in the availability of water, or water quality, will adversely impact MRG's operations and could have an adverse impact on MRG's operating costs, and the performance of MRG's crops.</p>	
<b>Operation in highly competitive markets</b>	MRG operates in highly competitive geographic and product markets with other organic and natural packaged food brands and companies, which may be more innovative and able to bring new products to market faster and better able to quickly exploit and serve niche markets. This could have a material adverse impact on the financial performance and prospects of the Group.	<i>Section 6.2.6</i>
<b>Loss of organic certification and deterioration in the MRO brand</b>	The Group relies on independent certification, such as certifications of some of its products as "organic" to differentiate the Group's products from others. The loss of any independent certifications could adversely affect the Group's market position as a certified organic and natural products company and result in a loss of consumer confidence in the brands of MRG.	<i>Section 6.2.7</i>
<b>Reduced ability to access raw materials (including organic ingredients)</b>	<p>The Group's ability to ensure continued supply of raw ingredients (including organic) not grown by the Group from third parties at competitive prices is dependent on many factors beyond the Group's control, including (amongst other factors) the number and size of those farms growing organic crops, climate conditions and domestic and global economic conditions.</p> <p>An increase in competition may limit the Group's ability to access sufficient raw organic ingredients within a commercial price range.</p> <p>In addition, failure by the Group to manage its supply chain efficiently may result in MRG having insufficient supplies to meet consumer demand, or holding excess stock that could reach expiration and become unsaleable.</p> <p>This could adversely affect the Group's operating costs, and result in a reduction in profit margins, which would adversely impact the financial condition of the Group.</p>	<i>Section 6.2.8</i>
<b>Adverse movement in exchange rate</b>	MRG imports a number of products and exports produce internationally. Changes in the relative value of certain currencies against the Australian dollar may reduce the value of a transaction denominated in a foreign currency.	<i>Section 6.2.9</i>

<b>Credit risk</b>	MRG provides credit to most of its customers, usually no more than 30 days. Although unlikely, customers may fail to make repayments and default on their debt.	<i>Section 6.2.10</i>
<b>Uncontracted Sales Arrangements</b>	MRG's growth is dependent on successfully maintaining existing and securing new customers. A significant proportion of MRG's revenue is currently attributable to uncontracted customer relationships, using MRG's or the customers' standard terms and conditions of sale. These arrangements can be terminated or varied by the customer on short notice and without penalty.	<i>Section 6.2.13</i>

## 1.4 Directors, Key Management Personnel and Management Team

Topic	Summary	Further information																							
<b>Who are the Directors of the Company?</b>	<ul style="list-style-type: none"> <li>Andrew Monk, Independent Non-Executive Director, Chairman</li> <li>Valentina Tripp, Non-Independent, Managing Director &amp; Chief Executive Officer</li> <li>Michael Porter, Independent Non-Executive Director</li> <li>Tony Dynon, Independent Non-Executive Director</li> </ul>	<i>Section 7.1</i>																							
<b>Who are the Key Management Personnel and Management Team of MRG?</b>	<ul style="list-style-type: none"> <li>Valentina Tripp, Non-Independent, Managing Director &amp; Chief Executive Officer</li> <li>Albert Zago, Chief Financial Officer</li> <li>Peter Wolff, Head of Strategic Sourcing &amp; Ingredients</li> <li>Stuart McNab, General Manager, Agriculture</li> <li>Tim Wilson, Head of Quality, Research &amp; Sustainability</li> <li>Tara Lordsmith, General Manager, Sales &amp; Marketing</li> <li>Peter York, General Manager National Operations</li> <li>Rania Haidar, Head of People and Culture</li> </ul>	<i>Section 7.2</i>																							
<b>What significant benefits and interests are payable to Directors and other stakeholders connected with the Company?</b>	<table> <tr> <th>Key people</th><th>Interest or benefit</th><th>Section</th></tr> <tr> <td rowspan="2">Andrew Monk and associated entities</td><td>Director's fees</td><td>7.3.1.2</td></tr> <tr> <td>Shares held in the Company</td><td>7.3.1.3</td></tr> <tr> <td rowspan="2">Michael Porter</td><td>Director's fees</td><td>7.3.1.2</td></tr> <tr> <td>Shares held in the Company</td><td>7.3.1.3</td></tr> <tr> <td>Tony Dynon</td><td>Director's fees</td><td>7.3.1.3</td></tr> <tr> <td rowspan="3">Valentina Tripp</td><td>Remuneration</td><td>7.3.1.1</td></tr> <tr> <td>Shares held in the Company</td><td>7.3.1.3</td></tr> <tr> <td>Participation in incentive arrangements</td><td>7.3.1.4</td></tr> </table>	Key people	Interest or benefit	Section	Andrew Monk and associated entities	Director's fees	7.3.1.2	Shares held in the Company	7.3.1.3	Michael Porter	Director's fees	7.3.1.2	Shares held in the Company	7.3.1.3	Tony Dynon	Director's fees	7.3.1.3	Valentina Tripp	Remuneration	7.3.1.1	Shares held in the Company	7.3.1.3	Participation in incentive arrangements	7.3.1.4	<i>Section 7.3</i>
Key people	Interest or benefit	Section																							
Andrew Monk and associated entities	Director's fees	7.3.1.2																							
	Shares held in the Company	7.3.1.3																							
Michael Porter	Director's fees	7.3.1.2																							
	Shares held in the Company	7.3.1.3																							
Tony Dynon	Director's fees	7.3.1.3																							
Valentina Tripp	Remuneration	7.3.1.1																							
	Shares held in the Company	7.3.1.3																							
	Participation in incentive arrangements	7.3.1.4																							

# **2.**

# **Company overview.**

## 2. Company overview

### 2.1 Overview of Murray River Organics

Murray River Organics is a vertically integrated business focusing primarily on the manufacture of certified organic, natural and 'better-for-you' food products. Its portfolio of products includes home grown and sourced certified organic and conventionally grown dried vine fruit, nuts, dried fruit, seeds, berries, grains, coconut and other ingredients. MRG is Australia's largest vertically integrated producer in its core product offering of organic dried vine fruits.

Murray River Organics owns core vineyards for the production of conventional and certified organic dried vine fruit, wine grapes, and citrus plantations (**Core Farms**). The Core Farms includes 356 hectares of planted dried vine fruit and 143 hectares available for planting, 21 hectares of wine grapes and 30 hectares of citrus. The Group also owns 3,159 hectares of non-core farms, with 207 hectares planted (comprising citrus, wine grapes, table grapes and hemp), 2,305 hectares of vacant plantable land and 647 hectares of unplatable land (**Non-Core Farms**). All the properties are located in the Sunraysia region of Australia.

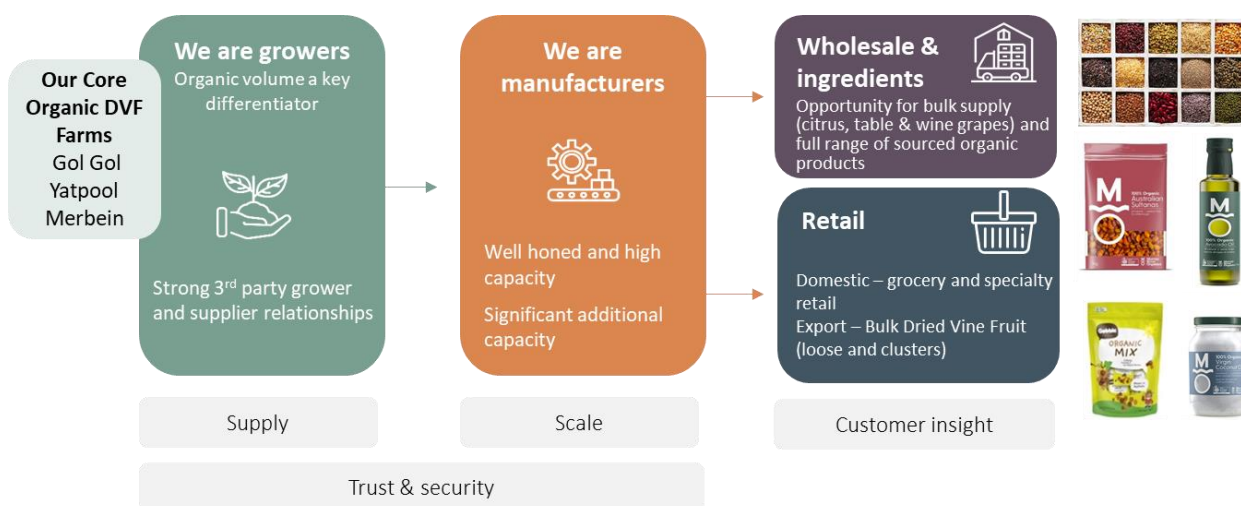
The Group operates two certified organic processing facilities. In Mourquong, New South Wales, which is centrally located to its vineyards, dried fruit is graded, dehydrated, processed, packaged and distributed to export customers. At the Dandenong, Victoria facility, further value add processing and pick and packing is undertaken.

Murray River Organics' products target the rising consumer demand for natural, healthy and organic foods in Australia and internationally.

### 2.2 Business Model and Operations

Murray River Organics operates farms, sources products from third parties and processes and packages products to service the organic, natural and healthy food markets in Australia and several international markets, as shown in Figure 1 below.

Figure 1: MRG's vertically integrated business model



#### 2.2.1 Farming

MRG currently owns properties with an approximate book value of \$39.5 million including 11 farms in the Sunraysia region of Australia and the Mourquong facility. The Group's Core Farms comprise vineyards and other properties for production of dried vine fruit and clusters, with some citrus (approximate value of \$15 million based on last independent valuations in June 2018). The Non-Core Farms currently produce citrus fruits, wine grape and table grapes and hempseed (approximate value of \$20 million based on last independent valuations in June 2018).

Currently, approximately 582 hectares of the Group's land holdings are planted, as presented in Figure 2. Dried



vine fruit is sent to the Sunraysia Facility for processing and packing. Other fruit products grown at MRG's owned farms, including citrus, wine and table grapes, are sold to packing and marketing companies.

As part of its revised strategy, Murray River Organics is seeking to rationalise its property portfolio and focus its land holdings on strategic organic assets as set out below.

Going forward, MRG intends to reduce its exposure to its Non-Core Farms and assets. MRG is actively seeking to sell the Nangiloc property (which has a book value of \$13.5 million) and the Fifth Street property (which has a book value of \$6.5 million) and will retain ownership of its strategically important organic dried vine fruit vineyards at: Gol Gol; Yatpool; and Merbein.

Figure 2: Overview of MRG's properties

	Property at	Area (hectares) <sup>2</sup>	Crop
Property to be retained at	Gol Gol	140	Dried vine fruit, citrus
	Yatpool	383	Dried vine fruit, table and wine grapes
	Merbein	128	Dried vine fruit
Property held for sale at	Nangiloc	3,042	Wine grapes, citrus
	Fifth Street	118	Table grapes



*Gol Gol*

*Yatpool*

*Akira (Merbein)*

### Vine Maturity

Typically, dried vine fruit takes three to five years from planting to reach full bearing. In the first two years, the focus is on growing the vines, rather than the yield achieved. From year three onwards, the crop yield begins to increase, with average yields at maturity expected to be between on average 5 tonnes and 10 tonnes harvested per hectare planted (in a conventional farming system). As a result of the farming practices adopted

<sup>2</sup> Total area including unplatable land.

by organically certified farms (to obtain and maintain organic certification), the harvest from organic vineyards is expected to be approximately 20% lower than conventional vines, however, as organic farming practices further develop and improve, this differential is expected to be reduced. Organic dried vine fruit is typically expected to provide a 25-35% price premium to conventional dried vine fruit.

In FY2019, 1,222 tonnes of dried vine fruit was yielded from Murray River Organics' 356 planted hectares on its Core Farms, implying a yield of approximately 3.4 tonnes per hectare. The implied yield reflects the fact that MRG's vines have not yet reached full maturity (younger than 4 years old) and the remediation programs that have been required at some properties due to prior poor viticultural practises.

The Colignan farm, which was a leased property in FY2019, provided an additional approximately 847 tonnes of dried vine fruit (comprised of both organic and conventional fruit). MRG has now exited the Colignan farm lease (as set out in Section 2.4.2.3), with a three year offtake agreement for dried vine fruit from that property.

## **Water Entitlements**

MRG estimates that its current water requirements in a normal climatic year are circa 4,252 megalitres. MRG currently has three third-party water leases entitling the business in aggregate to approximately 6,593 megalitres of water per annum (based on 100% allocation). The leases will expire in 30 June 2020, however two leases representing an entitlement to 4,193 megalitres of water per annum (in aggregate) contain an option for a 5-year term extension, subject to receipt of the requisite governmental authority approval to such extension.

Following MRG's exit from the Colignan farm lease, MRG's leased water entitlements satisfy MRG's water requirements (assuming a normal climatic year and 100% allocation).

MRG purchases any additional water to meet its needs on the spot market which may vary from time to time (refer to Section 2.4.2.1). MRG does not currently own any material permanent water rights, however, MRG may consider acquiring permanent water entitlements in the future, depending on its circumstances, balance sheet position and the costs associated with doing so (at the relevant time).

## **2.2.2 Externally sourced products**

MRG has established a dedicated sourcing team to develop its strategic supply partnerships with grower-producers with a focus on key organic and 'better-for-you' categories including nuts, dried fruit, seeds, berries, grains, coconut and other ingredients. MRG has already established key supply relationships across Australia, North America, South America, India, Turkey and Asia.

MRG's grower-producer partnerships leverage its value-add capability to deliver brand, marketing, new product development and sales activations across multiple channels to market including major retail, specialty retail and international retail/export.

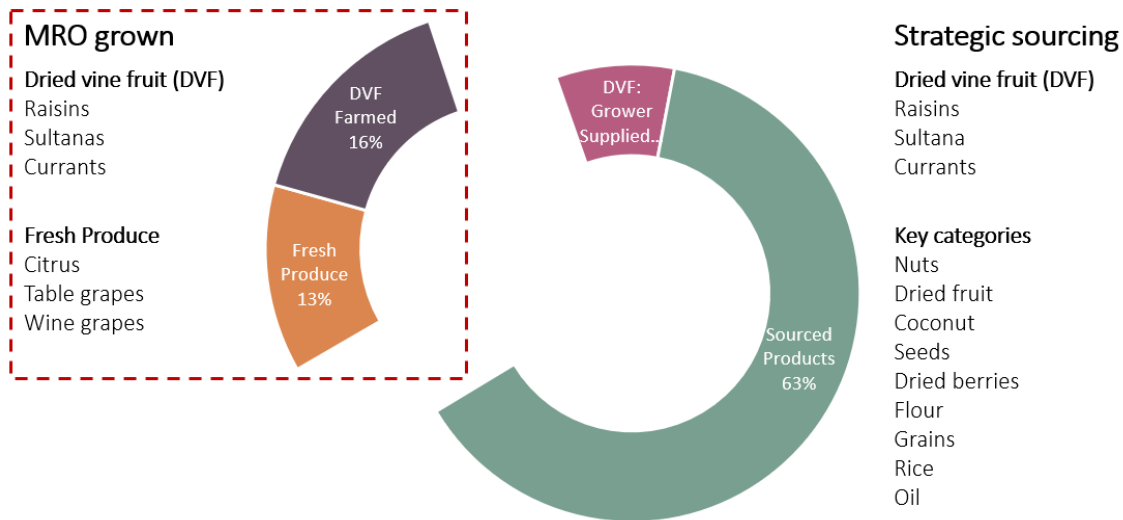
In 2019, 1,193 tonnes of dried vine fruit was supplied to MRG by Sunraysia growers and 2,069 tonnes of dried vine fruit was grown on farms owned or operated by Murray River Organics.

A key part of MRG's dried vine fruit sourcing strategy is its commitment to partnering with growers in Sunraysia to increase supply of dried vine fruit for Australian and export markets.

As shown in Figure 3 below, 63% of MRG's FY2019 revenues were associated with third party sourced products. With the exit of the Colignan lease, DVF Farmed percentage is expected (based on FY19 actuals) to decrease to 7% (from 16%), whilst DVF Grower is expected to increase to 17% (from 8%).

Figure 3: MRG raw material supply source 2019

## 2019 Sales by product



### 2.2.3 Processing and packing

Murray River Organics operates three facilities – a certified organic dried vine fruit processing facility in Mourquong, New South Wales (**Sunraysia Facility**); a certified organic manufacturing facility in Dandenong, Victoria (**Dandenong Facility**); and a shared warehouse facility in Dandenong South, Victoria (**South Park Drive Shared Facility**).

Figure 4: MRG's processing packing and warehouse facilities

#### Sunraysia Facility



#### Dandenong Facility



#### South Park Drive Shared Facility



#### Sunraysia Facility

The 43,600 m<sup>2</sup> property includes a packing shed and cool room where harvested dried vine fruit and clusters are graded, processed, dried, packed, stored (including dehydration and raw material storage), and distributed directly to overseas customers and to MRG's Dandenong Facility for further processing and distribution.

The dried vine fruit processing at the Sunraysia Facility is largely automated and involves dried vine fruit passing through dried vine fruit inspection points, two laser sorters and metal detectors, before being packed into plastic lined cartons then finally being sealed for transportation.

#### Dandenong Facility

MRG also operates a 4,219 m<sup>2</sup> certified organic packing, value-add and pick-pack facility in Dandenong, Victoria, which services the retail, industrial and food service markets internationally and in Australia. The facility operates multiple packing lines for all products, and also has freezing and cool room capabilities.

Consumer packaged products and products sold to wholesale customers pursuant to Murray River Organics' pick-pack service, are undertaken at the Dandenong Facility.

### South Park Drive Shared Facility

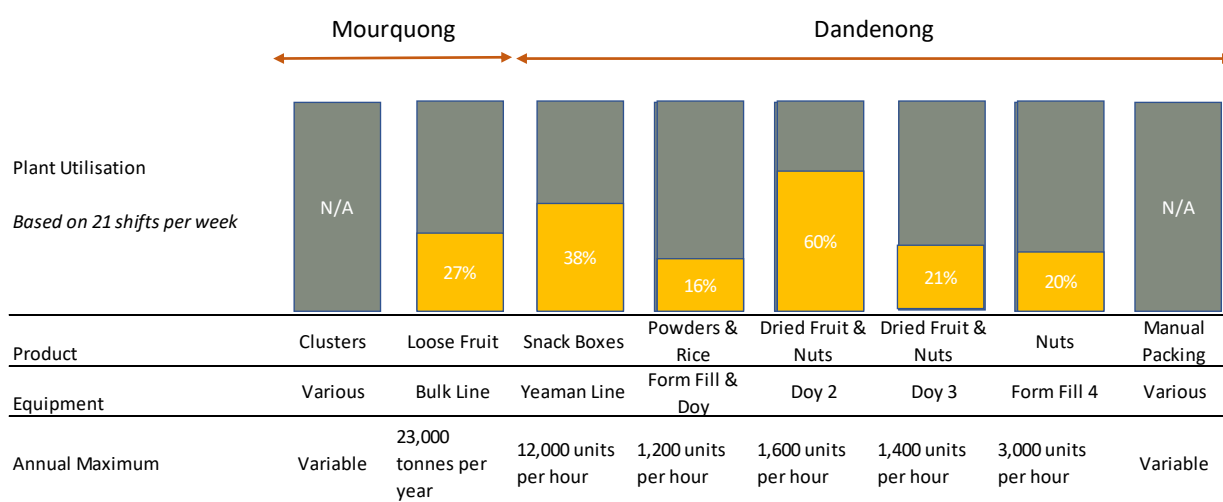
MRG currently leases 4,000 m<sup>2</sup> in a shared storage facility in Dandenong South, Victoria, to accommodate additional storage requirements of the business. Following a review of the suitability of this facility with regard to the longer term operational and storage needs, MRG is planning to move to a 3rd party logistics (3PL) model in 2020. This change is expected to provide MRG more flexibility and improved efficiency.

### 2.2.4 Facility Utilisation

The Sunraysia Facility has the capacity to process up to 23,000 tonnes of dried vine fruit in bulk per year.

Utilisation of existing processing and packing operations at 1 December 2019 is presented in Figure 6 below.

Figure 5: MRG manufacturing and processing facility utilisation



\*Estimate as at 1 December 2019

A key component of the Company's updated strategy and increased focus on the retail and ingredients business involves sourcing increased volumes of produce for the purpose of increasing utilisation of the Dandenong Facility's value-add processing and packaging capabilities, which is expected to deliver economies of scale as MRG continues its domestic and international expansion.

### 2.2.5 Channels and Markets

Murray River Organics' broad customer base includes retail customers (such as supermarkets, specialty retailers, organic food stores, mass-market, e-commerce retailers and convenience stores), ingredients customers (such as cereal manufacturers, bakeries and confectionary manufacturers), and wholesale channels (such as specialty and natural food distributors), in both Australia and overseas markets.

#### Channels

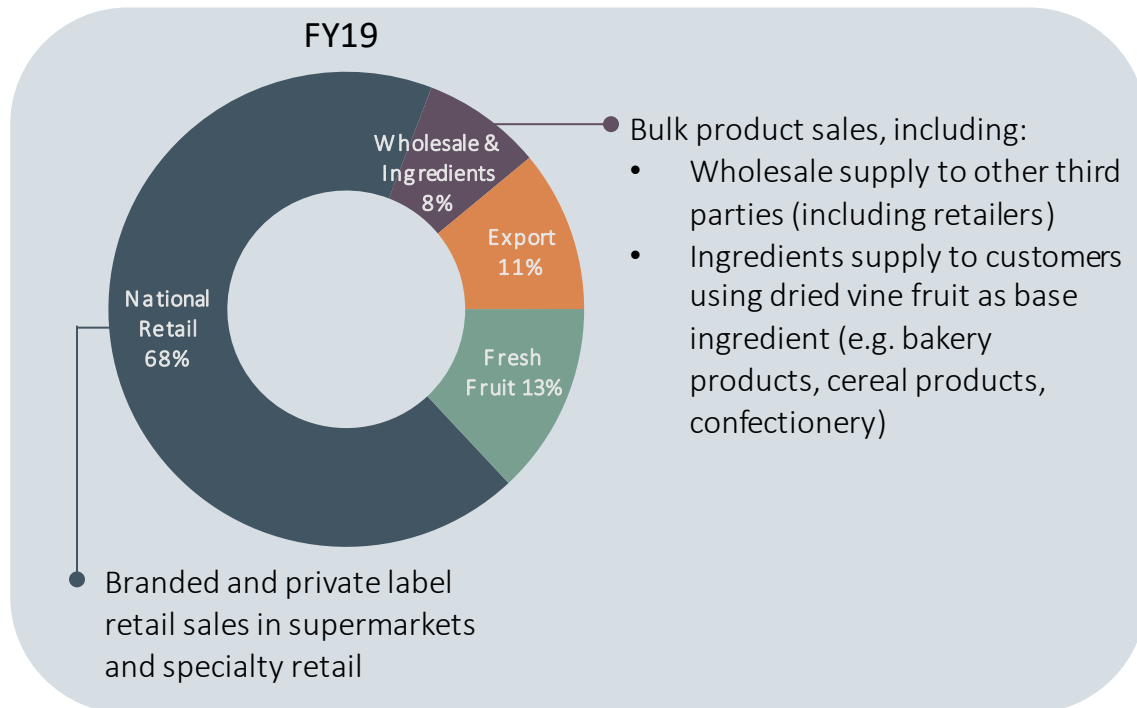
MRG distributes its products through the following channels:

- **National Retail** – MRG products sold in supermarkets and specialty retail under both Murray River Organics' own brands and private labels. Australian supermarkets and specialty retailers accounted for approximately 68% of the Group's FY2019 sales revenue.
- **Wholesale & Ingredients** – MRG sales of organic food ingredients to Australian and international food manufacturers as well as bulk organic products to wholesalers who supply other third parties (including

retailers) and customers who use dried vine fruit in their products (e.g. bakery products, cereal products, confectionery), domestically and internationally.

- **Export** - MRG manages a variety of export channels across United States, Europe and Asia.
- **Fresh fruit** – sales of MRG citrus and table grapes to packing and marketing companies, and wine grape to wine makers.

Figure 6: FY2019 channel breakdown



MRG aims to have contracted supply arrangements with its customers, typically with a duration of 1 to 3 years.

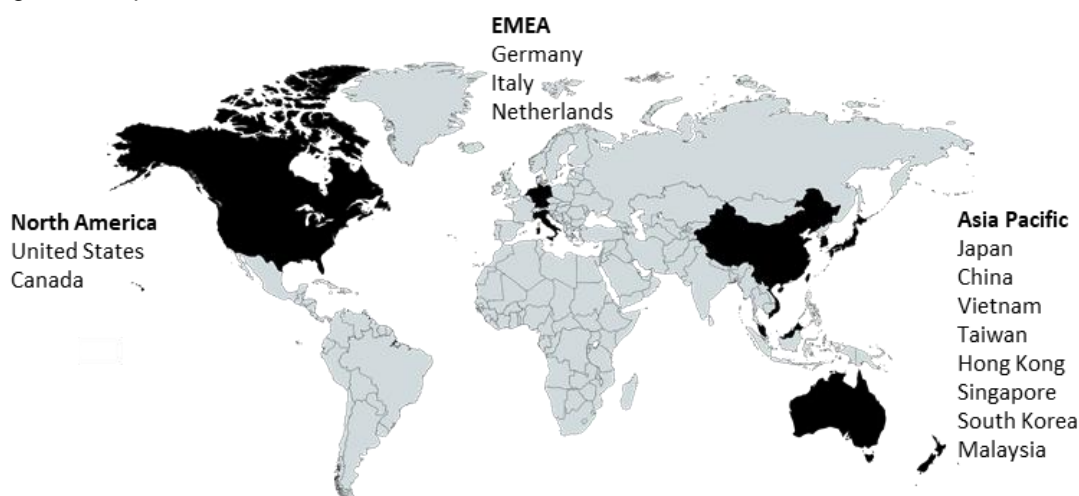
## Markets

Murray River Organics is targeting export markets with a strong focus on establishing distribution networks in China, Japan, Vietnam and other Asian, European and United States markets.

MRG will also continue to support Murray River Organics' supermarket partners with MRO-branded and private label programs.



Figure 7: Export destinations



## 2.3 Products and Brands

MRG has implemented several initiatives to improve margins including the expansion of its own branded range, marketing its Australian dried vine fruit range, promoting its brands to key Asian markets and developing new products for existing retail and new channels.

### 2.3.1 Retail Brands

MRG has consolidated its new organic product development in the Australian marketplace under the new Murray River Organics (“MRO”) brand identity which provides focus and efficiency in the marketing and sales program.

The MRO brand and product development has been broadly established across dried fruit and nuts, pantry ingredients, specialty oils, breakfast, health foods and snacking. New product development has focused on large scale product ranges that deliver a point of differentiation. The sales strategy requires engagement across over 35 category range reviews with retailers in Australia over a 6 month period as organic products are not ranged in the same location within retailers.

Leveraging MRG’s innovative pantry-friendly packaging, MRG has developed products targeted to healthy and health-conscious consumers who take pride in cooking and their pantry. In addition, MRG’s mixing and packing capabilities have enabled the Company to develop innovative and practical snacking products in single serve, multipack and sharing formats. Given MRG’s supply relationships, MRG is able to keep abreast of new innovation from around the world and provide retailers with differentiated product options.

Further detail on the domestic retail strategy is provided in Section 2.5.2.

Figure 8: MRG’s Products and Brand Portfolio Development



*MRO 100% Organic Dried Fruit*



*MRO 100% Organic Snacks*



*MRO 100% Organic Pantry Range*



*MRO 100% Organic Oils*



*MRO 100% Organic Australian Hemp*



*Pacific Organics Range*

### 2.3.2 Ingredients Range

The Wholesale & Ingredients business sells organic food ingredients to Australian and international food manufacturers as well as bulk organic and conventional products in both, full pallets and mixed pallets, to wholesalers and bulk retailers. The ingredients range was launched in August 2019 with approximately 150 core products and a renewed focus on organics in the following key categories: dried vine fruit, dried fruit, nuts, seeds, grains, berries, coconut and other ingredients. Since August 2019, the Wholesale & Ingredients business is strengthening, now servicing over 70 customers across Australia.

For further detail regarding the retail and Ingredients business strategy, refer to Section 2.5.2.

## 2.4 2018 Turnaround Strategy Status

Following a strategic review completed in 2018, the Company initiated a transformational turnaround strategy to realise the potential of Murray River Organics' assets and to capitalise on growing demand for its organic and 'better-for-you' products in its target markets ("**2018 Turnaround Strategy**").

The 2018 Turnaround Strategy was focused on six key areas:

1. operations;
2. customers;
3. farms;
4. third party grower relationships;
5. systems; and
6. people and culture.

### **2.4.1 Progress of 2018 Turnaround Strategy**

The initial phase of the transformation strategy focused on restructuring and resetting the foundations of the Company for future sustainable growth. The Company successfully delivered on several transformational improvements across key areas of the business, as noted below.

#### ***Operations***

The Company undertook a cost reduction program, targeting inefficient production processes, reducing raw material wastage, logistics and corporate overhead costs. With improvements to inventory management, the Company has improved its service delivery and fulfillment rates.

#### ***Farms***

Targeted remediation has improved dried vine fruit quality from farms through to processing, enabling re-entry into targeted export markets. MRG also planted hempseeds over 32 hectares of the Nangiloc property.

#### ***Customers***

Relationships with major retail customers, specialty retailers and wholesalers have been reset through new pricing and costing discipline, resulting in improved commercial returns for sourced and MRG grown branded products.

Over the past 8 months, MRG has developed more than 15 key strategic relationships to support new product development launch programs for major retailers in Australia.

Wholesale & Ingredients relationships have improved, and MRO “Ingredients Business” launched with a goal to grow organic product supply ranges for Australian food manufacturers.

In December 2018, the Company launched the “Taking Australia to Asia” growth strategy, which has seen the launch of 9 new branded products as well as the development of new partnerships in China. The Company’s Growers’ Program (“Growing Together Program”) is delivering what MRG considers to be more sustainable pricing for Sunraysia farmers and has resulted in a 15% increase in third party fruit intake by MRG for the 2019 harvest.

#### ***Leadership***

There has been a strong focus on improving the Company’s leadership team given its importance in successfully executing the turnaround strategy. Leadership and workforce teams have been reviewed and restructured, with new talent to lead the farming, processing, manufacturing, marketing, sourcing, and support functions. The new leadership team continues to focus on creating a culture of accountability and performance to align teams to meet targets set out in the turnaround strategy.

#### ***Financial***

Through the transformations summarised above, the Company achieved significant earnings and margin turnaround with higher value offerings and 17% reduction in operating costs, which led to an improvement in EBITDA-S of \$10.7m for FY2019, albeit still delivering a loss for that financial year.

Overall, the initial stages of the 2018 Turnaround Strategy have resulted in significant improvement in the Company’s reputation across Australia, Mildura and internationally.

### **2.4.2 Farming Challenges in 2019**

Improving the performance of the farms was one of the key parts of the 2018 Turnaround Strategy. Notwithstanding the \$10.7 million improvement in EBITDA-S in FY2019, the performance of the farms did not reach turnaround targets. This was mainly driven by 3 key factors:

1. Drought conditions and the increased cost of water;



2. Crop shortfall/lower than anticipated farm yields and higher than forecast operational costs at the Core Farms; and
3. Significantly higher operational costs and underperformance at Colignan Farm.

A brief summary of each of these challenges and the impact on Murray River Organics performance against the 2018 Turnaround Strategy is provided below.

#### **2.4.2.1 Drought Conditions and the Increased Cost of Water**

During 2019, Sunraysia experienced significant adverse weather with extreme heat through the 2019 harvest period. This had a negative impact on farm yields (see Section 2.4.2.2 below) and increased the external water requirements. Over the course of 2019, the spot price of water increased to over \$900ML by November 2019 (compared to \$405ML in November 2018). Very hot weather in December 2019 and January 2020 is expected to further reduce yields both from MRG Core Farms and third-party growers.

While Murray River Organics has water leases providing entitlements to water, the water authority makes seasonal determinations over the course of the year, having regard to, amongst other factors, water levels and the reliability level of the relevant entitlement held by a holder. Depending on these factors, the determination may result in a reduction in the amount of water available to holders of water entitlements (typically a percentage of the entitlement volume). In light of the drought conditions, the seasonal determinations resulted in a reduction of water allocations made available to water entitlement holders, including Murray River Organics. This resulted in Murray River Organics having to acquire additional water on market at spot prices.

The requirement to buy spot water as a result of drought conditions, extreme heat over the 2018/2019 summer and the reduced water allocations led to a material increase in cash outflow to fund farm operations, which has had a negative impact on the FY20 financial performance of the business. In addition, these factors may continue to adversely impact upcoming yields.

#### **2.4.2.2 Farm Yields & Operating Costs at Core Farms**

Crop performance over the initial phase of the 2018 Turnaround Strategy from the MRG owned farms was below expectations, including in FY2018. This historical underperformance also impacted the FY2019 harvest performance (which was further impacted by heat and drought). In early FY2019, management initiated an extensive analysis to understand the root causes of the underperformance, with the analysis identifying the following factors:

- poor vine/tree/crop management;
- poor grafting practices;
- inadequate water and nutrition application rates;
- poor supervision and on-farm governance;
- irregularities in contract labour supply; and
- poor communication and decision making.

Further, additional costs to operate the Group's farm portfolio were also required to remediate existing vines given the worse than anticipated health of some vineyards that became apparent after the 2019 summer cycle. These costs also included additional contract seasonal labour to address the poor state of the farms, which had been under resourced for many seasons.

#### **2.4.2.3 Colignan Property**

The additional costs and challenging environment in Sunraysia referred to in Sections 2.4.2.1 and 2.4.2.2 above led management to conduct a detailed structural review of MRG's farm portfolio, the results of which indicated that the planned turnaround of the then-leased Colignan property would require extensive additional resources and would take more time to implement than initially anticipated to meet targeted yields (and associated economic returns).

MRG announced 11 December 2019 that it had negotiated an exit from the Colignan lease and established a three-year supply relationship with the landlord, Arrow. As a result of this exit, MRG expects to realise approximately \$10 million in cash cost reductions (on an annualised basis, including rent but excluding spot water costs and purchases of dried vine fruit). Arrow, through their subsidiary, Advinco Farms, assumed operational and financial responsibility of the Colignan property from 11 December 2019. As part of the terms of the exit, MRG also agreed to issue Arrow with such number of Shares as is equal to 5% of the issued share capital of MRG (after the Entitlement Offer) as part consideration for Arrow agreeing to termination of the lease. These Shares (being the **Arrow Shares**) will be issued under this Prospectus.

This restructured relationship, in line with MRG's updated strategy (as described in Section 2.5), will allow MRG to focus on farming the Group's Core Farms, producing predominantly dried vine fruit, to support the Group's offering of organic and conventional dried vine fruit value added products.

## 2.5 Strategy Update

As a result of the challenges and agricultural risks which materialised throughout 2019, MRG has taken the strategic decision to reduce exposure to farming assets and accelerate investment in marketing, branding and new product development to grow its share of the growing market for organic products in Australia and internationally.

This strategic shift will translate into the following near-term plan:

1. Actively seek to sell the Nangiloc property and the Fifth Street property, which are non-core farming assets. The proceeds received from the sale of these assets will be used to reduce the Company's debt in satisfaction of its obligations under the Banking Facilities.
2. Invest in marketing, branding and new product development, expand MRG's retail presence domestically, and expand the Ingredients business.
3. Leverage MRG's core offering of organic dried vine fruit to target high value export markets.
4. Continue investing in the turnaround of strategically important organic owned Core Farms at: Yatpool, Gol Gol and Merbein.

MRG is targeting positive operating cash flows in FY2021 and expects to achieve EBITDA-S profitability in FY2022.

### 2.5.1. Proposed asset sale

For the purpose of restructuring the company's balance sheet and reducing leverage, MRG is actively seeking to sell the Nangiloc and the Fifth Street properties.

Fifth Street Table Grape property delivered a material turnaround in the first year of the turnaround strategy, achieving a 74% increase in yield in the 2019 harvest. An asset review and feasibility study was also initiated in 2019 to seek to realise the potential of approximately 2,300 hectares of arable land available for planting at the Nangiloc property.

As a result of MRG's updated strategy, which is focused on growing its presence in organic markets by leveraging its vertically integrated supply chain and investing in its retail expansion in Australia and internationally, the Company believes the Fifth Street and Nangiloc properties are non-core to the strategy as they primarily produce non-organic fresh fruit sold to wine makers and packing and marketing companies.

### 2.5.2. Domestic retail and Ingredients expansion plan

Over the course of 2019, MRG focused its efforts on developing a consistent organic and 'better-for-you' proposition. Leveraging its farming background, supply chain expertise, processing scale and relationships with retail partners, MRG invested in an extensive new product development program to create a range of over 100 new MRO branded products across a number of retail categories, some of which have already been launched in Australia's supermarket channels.

The key retail categories MRG targets is presented in Figure 9 below.

Figure 9: Australian retail category size<sup>3</sup>



MRG will participate in over 35 range reviews with mainstream retailers in Australia over the next 6 months, presenting the new branded portfolio of products, together with over 50 new products concepts currently in development. In conjunction with the branded program, MRG will also participate in over 30 tenders for retailer own brands by leveraging MRG's global sourcing capabilities, farmed produce, large-scale processing and manufacturing capabilities.

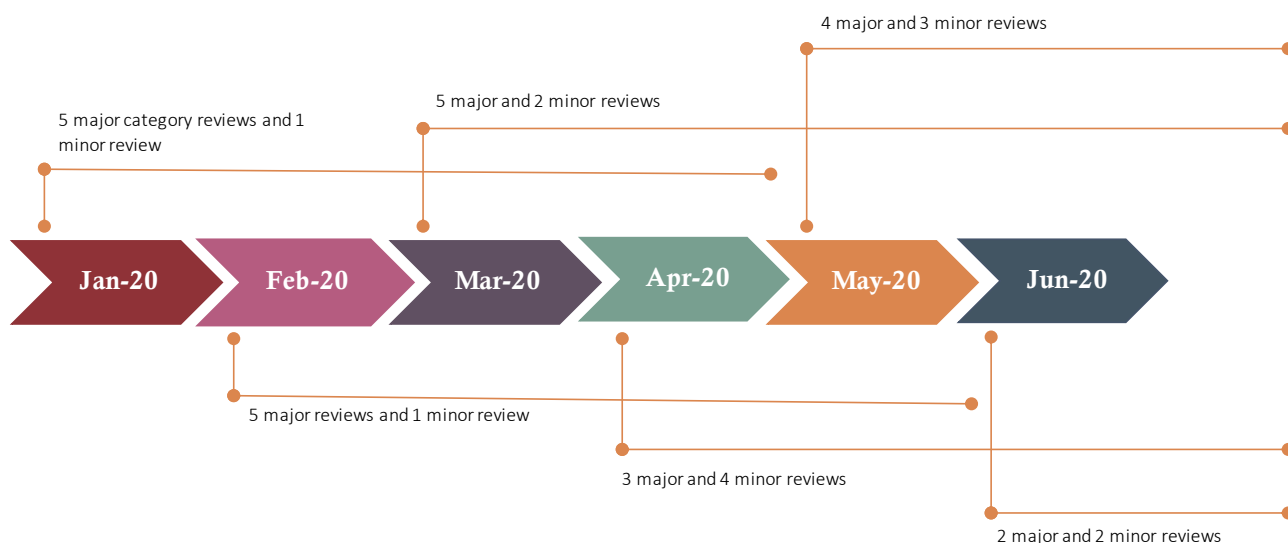
First ranging for MRO-branded commitments were secured in late 2019 with the first MRO-branded organic sultanas available on-shelf before Christmas 2019. Discussions with large scale major retailers are ongoing, with MRG targeting the launch of further MRO branded products throughout 2020 into major supermarkets, as follows:

- MRO branded Goji Berries expected to be ranged in March 2020.
- MCT Coconut Oil 1Lt expected to be ranged in February 2020.
- First MRO branded Coconut Oil and Avocado Oil expected to be launched in February 2020.
- New MRO branded trail mix range expected to be launched in April 2020.
- MRO branded dried fruit medley mix will be available on shelf by April 2020.
- MRO branded pantry packs are expected to be available from April 2020 onwards.

A timeline of MRG's retail range review across major Australian grocery retailers planned over the next 6 months is presented in the below Figure 10.

<sup>3</sup> Source: Management estimates of market size

Figure 10: Retail range review timeline between January – June 2020<sup>4</sup>



Further, the MRO hemp range is in development in anticipation of the first harvest of MRO's Australian organic hemp in late February, with retail availability expected from April 2020. Other MRO branded products will roll out into stores in line with upcoming range review dates published by the major accounts.

As a complement to the retail business, in August 2019, MRG launched its new Wholesale & Ingredients business leveraging its organic supply chain and scale of operations to assist Australian food product manufacturers to develop more organic offerings. The Wholesale & Ingredients business has developed strong partnerships with leading Australian brands and is growing supply across a range of organic categories. The Wholesale & Ingredients business provides the opportunity to leverage the Company's existing supply and processing capabilities to a broader market. MRG believes this represents a significant growth opportunity for the Company in the medium term.

### 2.5.3. Export strategy

MRG's ambition is to increase its market share internationally. The international market development program will continue to develop and market organic Australian dried vine fruit into high quality ingredients and consumer goods to meet the increasing global demand for clean, trusted, healthy food.

MRG is primarily targeting Asia, and more specifically the Chinese market. MRG's export growth program - "Taking Sunraysia To Asia" - has enabled the launch of new products, platforms (including WeChat) and activation programs to support brand growth and consumer engagement in Asia.

The key steps to implementing the export plan are as follows:

1. Focus on partnerships, securing long-term supply agreements with major distributors and retailers.
2. Focus on key markets, increased retail ranging at more than 1,800 stores and growing.
3. Tap into new emerging markets through cross border e-commerce.
4. Focus on core consumer brands, increasing brand awareness and market activation that promote share of wallet and consumer loyalty.
5. Trade up the healthy snacking category, leveraging certified organic and Australian country of origin to support MRO's unique brand position.
6. Grow market share for our Australian dried vine fruit in global bakery and snacking markets.

The new product pipeline for export is strong and new product launches are planned for early 2020. Leveraging the domestic new product development and roll out program for 2020, export sales from MRO retail brands are expected to increase by 33% in FY20, with 54% of its export portfolio sales contracted in FY20 (of which, 33% are under multi-year agreements).

<sup>4</sup> The above timeline is indicative only and is subject to change.

#### **2.5.4. Strategically important owned organic farms**

MRG intends to rationalise existing farm operations and focus on improving farm performance across the MRG portfolio of Core Farms at Gol Gol, Yatpool and Merbein, comprising 356 hectares of planted dried vine fruit. This includes rollout of moisture monitoring, irrigation and nutrition management initiatives, commissioning new farm equipment and increasing farm operations capability.

MRG's ownership of these assets allows it to participate as a grower in key discussions both with other growers as well as customers. Core dried vine fruit supply also underpins key value-added products being brought to market by MRG both domestically and in export markets, as dried vine fruit is the largest segment in the dried fruit category.

As a part of the 2018 Turnaround Strategy, the Company undertook various initiatives to remedy on-farm performance for Gol Gol and Yatpool. These initiatives (collectively, 'Project Yield') have been focused on improving the yields from existing vines by addressing the failures that have been identified in historical farm practices.

As performance and cashflow improve, there is also an opportunity to fill gaps and replace old vines at Yatpool and Gol Gol properties. These additional plantings would leverage existing infrastructure and farm team at both properties and MRG expects additional plantings may be made as operating cashflows allow.

# **3. Details of the Entitlement Offer and How to Apply.**

## 3. Details of the Entitlement Offer and How to Apply

Except as expressly stated otherwise, this Section describes the Retail Entitlement Offer and how Eligible Retail Shareholders can take up their Entitlements under the Retail Entitlement Offer. References to “you” are references to Eligible Retail Shareholders and references to “your Entitlements” (or “your Entitlement and Acceptance Form”) are references to the Entitlements (or Entitlement and Acceptance Form) of Eligible Retail Shareholders. The Underwriters will separately provide to Eligible Institutional Shareholders the details of their Entitlements and how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.

### 3.1 Overview of the Entitlement Offer

The Company intends to raise approximately \$25 million under the Entitlement Offer.

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to purchase 3.843 New Shares for every 1 existing Share held as at the Record Date of 7.00pm (AEDT) on Monday, 10 February 2020, at the Offer Price of \$0.015 per New Share, which represents a discount to the pre-Entitlement Offer NTA of approximately \$0.035.

The Entitlement Offer is comprised of:

1. **Institutional Entitlement Offer** - Eligible Institutional Shareholders will be given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer are renounceable but not able to be traded on ASX (see Section 3.2).
2. **Retail Entitlement Offer** - Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer under this Prospectus and are required to decide whether or not they will take up their Entitlement in whole or in part. Entitlements under the Retail Entitlement Offer are renounceable but not able to be traded on ASX (see Section 3.3).
3. **Top Up Facility** - Eligible Retail Shareholders who take up all of their Entitlement may subscribe for Additional New Shares in excess of their Entitlement. This can be done by lodging an election for a dollar amount of Additional New Shares (which will be issued at the Bookbuild Price determined through the Bookbuild) on the Entitlement and Acceptance Form (see Section 3.5).
4. **Bookbuild** - Entitlements not taken up by Eligible Shareholders and Entitlements of Ineligible Shareholders will be offered for the benefit of those Eligible Shareholders and Ineligible Shareholders under a bookbuild to certain Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement) and Brokers (see Section 3.5). Any Premium will be remitted proportionally to holders of those Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Shareholders. The Premium, if any, is expected to be paid on or about Tuesday, 3 March 2020.

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 1,666,943,873 New Shares (subject to rounding) will be issued under the Entitlement Offer.

You have a number of decisions to make in respect of your Entitlements. You should read this Prospectus carefully before making any decisions in relation to your Entitlements.

The Retail Entitlement Offer opens on Thursday, 13 February 2020 and will close at 5.00pm (AEDT) on Tuesday, 25 February 2020 (unless extended).

### 3.2 The Institutional Entitlement Offer

The Institutional Entitlement Offer will be offered to Eligible Institutional Shareholders between Thursday, 6 February 2020 and Friday, 7 February 2020. New Shares under the Institutional Entitlement Offer are expected to be issued on or about Tuesday, 18 February 2020. Trading on a normal settlement basis of those New Shares is expected to commence on ASX on the trading day after Completion of the Offer, when the voluntary suspension is lifted and trading in all Shares resumes.

### **3.2.1 Eligible Institutional Shareholders**

Eligible Institutional Shareholders are those persons who receive an offer from the Company through the Underwriters to subscribe for New Shares under the Institutional Entitlement Offer on the basis that it is an Institutional Investor, including where the offer is made to a person for whom the Shareholder holds Shares.

### **3.2.2 Ineligible Institutional Shareholders**

Ineligible Institutional Shareholders are those persons who hold Shares that are, or the person for whom they hold Shares, are an institutional investor that is in a jurisdiction other than Australia, New Zealand or Hong Kong. Ineligible Institutional Shareholders will be sent a letter in the form lodged with ASX.

Any person allocated New Shares under the Institutional Offer does not have any entitlement to participate in the Retail Entitlement Offer in respect of those New Shares.

## **3.3 The Retail Entitlement Offer**

The Retail Entitlement Offer will be offered to Eligible Retail Shareholders between Thursday, 13 February 2020 and Tuesday, 25 February 2020. The issue of the New Shares under the Retail Entitlement Offer is expected to occur on Wednesday, 4 March 2020. Trading on a normal settlement basis of those New Shares is expected to commence on ASX on the trading day after Completion of the Offer, when the voluntary suspension is lifted and trading in all Shares resumes.

### **3.3.1 Eligible Retail Shareholders**

Eligible Retail Shareholders are those persons who:

- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer (unless the Underwriters have agreed, in their absolute discretion, that a Shareholder who was invited to participate in the Institutional Entitlement Offer, may defer their participation to the Retail Entitlement Offer), and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer;
- are registered as a holder of existing Shares as at 7.00pm on the Record Date;
- have a registered address on the Company's share register in Australia or New Zealand as at the Record Date;
- are not in the United States and is not, and is not acting for the account or benefit of, a U.S. Person; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

### **3.3.2 Ineligible Retail Shareholders**

Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders are Ineligible Retail Shareholders.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees and custodians are therefore advised to seek independent professional advice as to how to proceed.



### 3.3.3 Ineligible Shareholders

Ineligible Shareholders will not be entitled to participate in the Entitlement Offer, but will receive the Premium (if any) for Entitlements that have been sold for their benefit into the Bookbuild. Ineligible Shareholders will be sent a letter in the form lodged with ASX.

The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Shareholders must comply with their local laws and are responsible for determining whether any laws may restrict them from participating in the Entitlement Offer. Refer to Section 3.14 for further details on foreign selling restrictions. If you are restricted and come into possession of this Prospectus, you should seek advice on and observe those restrictions. Any failure to comply with restrictions may constitute a violation of applicable securities laws.

## 3.4 Option Holders

The Company currently has 23,825,000 unquoted Options on issue, of which 11,825,000 have vested and are exercisable at the Record Date. The exercise price of those Options that have vested is either \$0.10 or \$0.12, as compared to the last price at which the Company's shares traded, being \$0.05. On that basis, the Company considers it unlikely that any Option holders will exercise their Options and participate in the Entitlement Offer.

## 3.5 The Top Up Facility and Bookbuild

Eligible Retail Shareholders who take up all of their Entitlement may subscribe for Additional New Shares in excess of their Entitlement (**Top Up Facility**). This can be done by lodging an election for a dollar amount of Additional New Shares (which will be issued at the Bookbuild Price determined through the Bookbuild).

Entitlements of Renouncing Shareholders, together with any Entitlements of Ineligible Shareholders, will be offered for sale for their benefit under the Bookbuild to certain Eligible Institutional Shareholders and certain Institutional Investors.

The Bookbuild will be conducted on Thursday, 27 February 2020. If the price at which the Additional New Shares are acquired by participants in the Bookbuild (**Bookbuild Price**) is higher than the Offer Price, the difference between the Bookbuild Price and the Offer Price (**Premium**) will be paid on a pro-rata basis to Ineligible Shareholders and Renouncing Shareholders (in respect of those Entitlements not taken up by those shareholders). The Offer Price will be received by the Company as Application Monies for the Additional New Shares issued under the Bookbuild or the Top Up Facility (as applicable).

If the Bookbuild Price is not higher than the Offer Price the Company will receive the Offer Price in respect of all Additional New Shares issued under the Bookbuild or under the Top Up Facility (as applicable) and no amount will be payable to Renouncing Shareholders or Ineligible Shareholders.

Subject to applicable legal and regulatory requirements, there is no cap on the number of Additional New Shares that Eligible Retail Shareholders can apply to take up through the Top Up Facility, or the number of Additional New Shares that Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement) and Brokers may acquire in the Bookbuild.

The allocation of Shortfall Shares to and between participants in the Bookbuild, Eligible Retail Shareholders who have applied for Shortfall Shares under the Top Up Facility, and sub-underwriters will be determined by agreement between the Company and the Underwriters, provided that:

- Eligible Retail Shareholders' applications for Additional New Shares under the terms of the Top Up Facility and participants' bids for New Shares under the Bookbuild will be allocated first; and
- any Shortfall Shares that remain following the Top Up Facility and Bookbuild will be allocated to Thorney and other sub-underwriters.

Additional New Shares will only be allocated following the Bookbuild if there are a sufficient number of New Shares not taken up in the Retail Entitlement Offer or Institutional Entitlement Offer. There is no guarantee that Additional New Shares will be issued.

The price for the Additional New Shares will be set at the highest bid price under the Bookbuild that will allow the maximum number of Additional New Shares to be issued to participants in the Bookbuild and the Top Up Facility.

The issue of Additional New Shares under the Bookbuild and Top Up Facility is expected to occur on Wednesday, 4 March 2020. Trading on a normal settlement basis of those Additional New Shares is expected to commence on ASX on the trading day after Completion of the Offer, when the voluntary suspension is lifted and trading in all Shares resumes.

The ability to sell Entitlements in respect of New Shares under the Bookbuild will be dependent on various factors including market conditions. Similarly, the Bookbuild price may not be the highest price offered but will be determined by the Underwriters in consultation with the Company (each acting reasonably) having regard to the outcome of the Bookbuild, provided that (i) the Bookbuild Price will not be set higher than the Offer Price unless the Underwriters have received binding and bona fide offers from Institutional Investors and Brokers that, in the reasonable opinion of the Underwriters, will (if accepted) result in allocations to dispose of all New Shares offered for sale through the Bookbuild at a price higher than the Offer Price and (ii) the Bookbuild Price may not be higher than the price that would 'clear' the book.

To the maximum extent permitted by law, the Company, the Underwriters, and their respective related bodies corporate, agents or affiliates, or the directors, officers, employees or advisers of any of them, disclaim all liability, including for negligence, for any failure to procure applications for Additional New Shares under the Bookbuild or Top Up Facility at a price in excess of the Offer Price. The Premium (if any) (net of expenses and any withholdings required by law) will be paid to Renouncing Shareholders and Ineligible Shareholders in Australian dollars. If applicable, you will be paid by cheque sent by ordinary post to your address as recorded by the Share Registry.

Any proceeds you may receive as a result of the Bookbuild or sale of Additional New Shares may have Australian and/or overseas tax consequences for you, depending on your individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

### **3.6 No Rights trading**

There will be no trading of rights on ASX and you may not dispose of your Entitlements to subscribe for New Shares under the Entitlement Offer to any other party. As the Entitlements are renounceable, if you do not take up your Entitlement to New Shares under the Entitlement Offer in full by the Entitlement Offer Closing Date, you will be deemed to have renounced the Entitlements not taken up and these entitlements will be issued instead to the Nominee, who will sell them into the Bookbuild or to Eligible Shareholders who have submitted a valid application for Additional New Shares, with any Premium being returned to Renouncing Shareholders.

### 3.7 Eligible Retail Shareholders' Entitlement

If you are an Eligible Retail Shareholder, your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and calculated on the basis of 3.843 New Shares for every 1 existing Share you hold as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

As noted above, Eligible Retail Shareholders may also apply for Additional New Shares under the Top Up Facility.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares will be fully paid and rank equally in all respects with existing Shares.

### 3.8 Options available to you

If you are an Eligible Retail Shareholder, you may take any one of the following options:

#### 3.8.1. If you wish to take up all or part of your Entitlement

If you take up and pay for all of your Entitlement in accordance with the instructions under "Entitlement Offer Details and How to Apply" and your personalised Entitlement and Acceptance form, before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares and any Additional New Shares on Wednesday, 4 March 2020.

#### 3.8.2. If you wish to take up all of your Entitlement

If you wish to take up all of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form (indicating the number of New Shares) with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 5.00pm (AEDT) on Tuesday, 25 February 2020.

The Company will treat you as applying for as many New Shares (up to your Entitlement) as your payment will pay for in full. To the extent permitted by law, Applications are irrevocable.

If you are paying by BPAY®, please make sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the reference number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up and pay for all of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Wednesday, 4 March 2020.

The Company's decision on the number of New Shares to be issued to you under the Retail Entitlement Offer will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if the Company believes an Applicant's claim to be overstated or if an Applicant or their nominees or custodians fail to provide information to substantiate their claims to the Company's satisfaction.

#### 3.8.3. If you wish to take up all of your Entitlement and apply for Additional New Shares

If you wish to take up all of your Entitlement and apply for Additional New Shares, please either:

- complete and return the personalised Entitlement and Acceptance Form (indicating the number of New Shares and dollar value of Additional New Shares that you wish to subscribe for, keeping in mind that the Additional New Shares will be issued at the Bookbuild Price, which may be higher than the Offer Price) with the requisite Application Monies, being the payment amount required to pay for your Entitlement plus the dollar value of any Additional New Shares you wish to acquire - you will need to calculate this number yourself; or
- pay your Application Monies - being the payment amount required to pay for your entitlement plus the dollar value of any Additional New Shares you wish to acquire - via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 5.00pm (AEDT) on Tuesday, 25 February 2020.

The Company will treat you as applying for as many New Shares and Additional New Shares as your payment will pay for in full. To the extent permitted by law, Applications are irrevocable.

If you are paying by BPAY®, please make sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the reference number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up and pay for all of your Entitlement and any Additional New Shares before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares and Additional New Shares on Wednesday, 4 March 2020.

The Company's decision on the number of New Shares and any Additional New Shares to be issued to you under the Entitlement Offer will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares and any Additional New Shares issued if the Company believes an Applicant's claim to be overstated or if an Applicant or their nominees or custodians fail to provide information to substantiate their claims to the Company's satisfaction.

#### **3.8.4. If you wish to take up part of your Entitlement and renounce the balance**

If you wish to take up part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form (indicating the number of New Shares) with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 5.00pm (AEDT) on Tuesday, 25 February 2020.

The Company will treat you as applying for as many New Shares (up to your Entitlement) as your payment will pay for in full. To the extent permitted by law, Applications are irrevocable.

The balance of your Entitlement will be deemed to have been renounced and will be sold under the Bookbuild or issued as Additional New Shares as set out above.

If you are paying by BPAY®, please make sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the reference number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up and pay for part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Wednesday, 4 March 2020.

The Company's decision on the number of New Shares to be issued to you under the Entitlement Offer will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if the Company believes an Applicant's claim to be overstated or if an Applicant or their nominees or custodians fail to provide information to substantiate their claims to the Company's satisfaction.

#### **3.8.5. If you do nothing, you are deemed to have renounced your Entitlement**

If you take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement (and those renounced Entitlements will be transferred and potentially sold in the Bookbuild on your behalf). You should note that if you renounce all or part of your Entitlement, then your percentage holding in the Company will be diluted by your non-participation in the Entitlement Offer. Entitlements will not be able to be traded on ASX or another financial market, or otherwise privately transferred.

### **3.9 Ineligible Shareholders**

The Company has determined that it is unreasonable to make offers under the Entitlement Offer to Shareholders who have registered addresses outside Australia, New Zealand and Hong Kong, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued pursuant to the Entitlement Offer, to Shareholders having a registered address outside Australia, New Zealand and Hong Kong.

Ineligible Shareholders are not eligible to participate in the Entitlement Offer. However, the Entitlements that Ineligible Shareholders would otherwise have been entitled to will instead be issued to the Nominee, who will sell the Entitlements into the Bookbuild (if not already allocated as Additional New Shares under the Top-up Facility) and the Nominee will work with the Company to distribute any Premium proportionately to Ineligible Shareholders.

The Company reserves the right (in its absolute discretion) to extend the Entitlement Offer to Shareholders who have registered addresses outside of the above jurisdictions in accordance with applicable law.

Shareholders must comply with their local laws and are responsible for determining whether any laws may restrict them from participating in the Entitlement Offer. Refer to Section 3.14 for further details on foreign selling restrictions. If you are restricted and come into possession of this Prospectus, you should seek advice on and observe those restrictions. Any failure to comply with restrictions may constitute a violation of applicable securities laws.

### **3.10 Consider your specific investment objectives and circumstances**

Please consult with your stockbroker, accountant, financial advisor, taxation advisor or other independent professional advisor if you have any queries or are uncertain about any aspects of the Entitlement Offer. You should also refer to the risks associated with an investment in the Company and the New Shares which are set out in Section 6 of this Prospectus.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment to investors holding their shares in the Company.

### 3.11 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque or bank draft.

Cash payments will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many New Shares and Additional New Shares under the Retail Entitlement Offer as your payment will pay for in full.

Any Application Monies received for more than your final allocation of New Shares and any Additional New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

#### **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlements, you are deemed to have taken up your Entitlements in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEDT) on Tuesday, 25 February 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

#### **Payment by cheque or bank draft**

For payment by cheque or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to "Murray River Organics Group Limited" and crossed "Not Negotiable".

Your cheque or bank draft must be:

- for an amount equal to \$0.015 multiplied by the number of New Shares that you are applying for, plus the dollar value of any Additional New Shares that you wish to acquire, keeping in mind that the Additional New Shares will be issued at the Bookbuild Price, which may be higher than the Offer Price; and

- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident Shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies, as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares and any Additional New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares and Additional New Shares (if any) as your cleared Application Monies will pay for (and to have specified that number of New Shares and dollar value of Additional New Shares that you wish to subscribe for, keeping in mind that the Additional New Shares will be issued at the Bookbuild Price, which may be higher than the Offer Price on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

### 3.12 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (AEDT) on Tuesday, 25 February 2020. If you make payment via cheque or bank draft, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

#### **Mailing Address**

Murray River Organics Group Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne, Victoria, 3001

#### **By Hand (please do not use this address for mailing purposes)**

Murray River Organics Group Limited  
C/- Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria, 3067

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at other offices of the Share Registry or if mailed to the Company's registered or corporate offices.

### 3.13 ASX quotation and trading

The Company will apply within 7 days of the date of this Prospectus to the ASX for quotation of the New Shares and Additional New Shares on ASX. If approval is not given within three months after such application is made (or any longer period permitted by law), none of the New Shares or Additional New Shares offered under this Prospectus will be issued and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to ASX approval being granted, it is expected that normal trading of New Shares issued under the Institutional Entitlement Offer and New Shares allotted under the Retail Entitlement Offer and Bookbuild will commence on Thursday, 5 March 2020, when the voluntary suspension is lifted and trading in all Shares resumes.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell New Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Underwriters disclaim all liability, whether in negligence or otherwise, if you sell New Shares before receiving your holding statement.

### 3.14 Restrictions on distribution and selling restriction



This Prospectus has been prepared to comply with the requirements of the securities laws of Australia.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify this Prospectus, the Entitlement Offer, the Entitlements, the New Shares, Additional New Shares or Arrow Shares or otherwise permit the public offering of the New Shares, Additional New Shares or Arrow Shares, in any jurisdiction other than Australia except to the extent permitted below.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

### ***New Zealand***

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***United States***

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable US state securities laws.

### ***Hong Kong***

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.



### 3.15 Representations by acceptance of the Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to the Company that you are an Eligible Shareholder and:

- acknowledge that you have personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) accompanying the Entitlement and Acceptance Form and have read and understand this Prospectus and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and the Company's Constitution;
- authorise the Company to register you as the holder(s) of New Shares and any Additional New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your Entitlement and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once the Company receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as permitted by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form at the Offer Price and the number of Additional New Shares at the Bookbuild Price, or for which you have submitted payment of any Application Monies via BPAY®;
- authorise the Company, the Underwriters and the Share Registry and their respective Officers or agents to do anything on your behalf necessary for New Shares and any Additional New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Prospectus and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge (and have read) the statement of key risks outlined in Section 6 of this Prospectus, and acknowledge that investments in MRG are subject to risk;
- acknowledge that none of the Company, the Underwriters or their related bodies corporate and affiliates and their respective directors, Officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of MRG, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;

- represent and warrant (for the benefit of the Company and its related bodies corporate and affiliates) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- represent and warrant (for the benefit of the Company, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee (other than in respect of other underlying holdings);
- represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares or Additional New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you, and each person on whose account you are acting, are not in the United States;
- you, and each person on whose account you are acting, understand and acknowledge that the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, the Entitlement may not be taken up, and the New Shares may not be offered, sold or otherwise transferred, directly or indirectly, in the United States, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- you have not and you will not send this Prospectus, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Notwithstanding the foregoing, after quotation and the commencement of trading of the New Shares, you may sell such New Shares in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia, New Zealand or such other country that does not prohibit the beneficial holder from being given this Prospectus or the personalised Entitlement and Acceptance Form, or prohibit the beneficial holder from making an application for New Shares and is not in the United States, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any such person.

### 3.16 Discretion regarding the Entitlement Offer

The Company reserves the right to withdraw all or part of the Entitlement Offer and this Prospectus at any time, subject to applicable laws, in which case the Company will refund Application Monies in relation to New Shares and Additional New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies (including any monies for Additional New Shares) paid by you to the Company will not entitle you to receive any interest and that any interest earned in respect of Application Monies (including any monies for Additional New Shares) will belong to the Company.

The Company and the Underwriters also reserve the right to close the Entitlement Offer early, extend the Entitlement Offer, accept late Applications either generally or in particular cases, reject any application, or allocate to any Applicant fewer New Shares or Additional New Shares than applied for.

### 3.17 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm Monday to Friday during the Entitlement Offer period. Alternatively, you can access information about the Entitlement Offer online at <https://murrayriverorganicsoffer.thereachagency.com>. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

# **4. Purpose and Effect of the Entitlement Offer.**

## 4. Purpose and Effect of the Entitlement Offer

### 4.1 Sources and uses of funds of the Entitlement Offer

The Company is seeking to raise approximately \$25 million pursuant to the Entitlement Offer. The total gross proceeds of the Entitlement Offer will be equal to the number of New Shares and Additional New Shares issued under the Entitlement Offer multiplied by the Offer Price.

The following table details the sources and uses of the proceeds of the Entitlement Offer.

Sources of funds		Uses of funds	
Entitlement Offer	25.0	Complete existing vineyard development	3.0
		New product development, equipment and associated product launch working capital	8.0
		Sales and marketing expenses	2.0
		Repayment of existing debt	4.0
		Interest payments for 18 months	3.8
		Payment of Colignan exit fee	1.3
		Offer costs	2.9
<b>Total Sources</b>	<b>25.0</b>	<b>Total uses</b>	<b>25.0</b>

## 4.2 Capital structure

### 4.2.1 Current capital structure as at the Record Date

*Summary capital table*

	Total number of fully paid ordinary Shares	Total number of Unquoted Options	Total number of Performance Rights
Securities on issue as at the Record Date	433,761,091	3,825,000 (Unquoted Options exercisable at \$0.12 expiring 1 November 2021)  6,000,000 (Unquoted Options exercisable at \$0.10 expiring 16 April 2021)  6,000,000 (Unquoted Options exercisable at \$0.18 expiring 16 April 2022)  6,000,000 (Unquoted Options exercisable at \$0.27 expiring 16 April 2023)  2,000,000 (Unquoted Options exercisable at \$0.10 expiring 22 November 2021)	3,226,563

### 4.2.2 Effect of Entitlement Offer on capital structure

A table setting out the effect of the Entitlement Offer and the issue of Arrow Shares on the capital structure of the Company (on an undiluted basis) is set out below.

	As at the Record Date	On Completion of the Entitlement Offer	Following issue of the Arrow Shares
Ordinary Shares <sup>5</sup>	433,761,091	2,100,704,964	2,205,740,212
Unquoted Options	23,825,000	23,825,000	23,825,000
Performance Rights	3,226,563	3,226,563	3,226,563

If any of the Performance Rights or Options vest or are exercised before the Record Date, the Shares issued on such vesting or exercise will be eligible to participate in the Entitlement Offer. Accordingly, the total issued capital may be more than is shown in the table above following Completion of the Offer if any of the Performance Rights or Options vest or are exercised before the Record Date.

<sup>5</sup> The number of Shares on issue on Completion of the Offer will depend on a number of factors, including the reconciliation and rounding of Entitlements.

The Performance Rights are subject to various performance conditions, and vest 3 years from the date of the initial grant (being 2018). As such, no Performance Rights are expected to vest prior to the Record Date. The terms of the Performance Rights, granted under the Company's LTI Plan, provide that if there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan in accordance with the provisions of the ASX Listing Rules. The Board does not intend to exercise its discretion to make any such adjustments in respect of the Performance Rights currently on issue.

Of the 23,825,000 unquoted Options on issue, 11,825,000 have vested and are exercisable at the Record Date. The exercise price of those Options that have vested is either \$0.10 or \$0.12, as compared to the last price at which the Company's Shares traded, being \$0.05. On that basis, the Company considers it unlikely that an Option holder will exercise their Options and participate in the Entitlement Offer. In accordance with the terms of the Options, the exercise price will be reduced in accordance with the formula set out in the ASX Listing Rules.

The number of Shares to be issued under the Entitlement Offer and the number of Shares on issue on Completion of the Offer assumes that no Performance Rights or Options vest or are exercised prior to the Record Date.

### 4.3 Effect of the Entitlement Offer on Control of the Company

The potential effect that the Entitlement Offer will have on the control of MRG (and the consequences of that effect) will depend on a number of factors, including the extent to which Eligible Shareholders take up their Entitlements, the extent to which Eligible Retail Shareholders apply for Additional New Shares under the Top Up Facility, and the extent to which Eligible Institutional Shareholders and Brokers participate in the Bookbuild.

As the Entitlement Offer is structured as a pro rata issue to all Eligible Shareholders, it will not have any material effect or consequence on the control of the Company if all Eligible Shareholders take up their Entitlements. If some Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise), their shareholding in the Company will be diluted. The shareholding of Shareholders who only take up part of their Entitlements will also be diluted, but to a lesser extent.

As also noted at Section 2.4.2.3, in connection with the agreement reached with Arrow, MRG has agreed to issue Arrow with such number of Shares as is equal to 5% of the issued capital of the Company following completion of the Entitlement Offer. As such, all Shareholders will be diluted by the issue of Arrow Shares.

The Company's largest Shareholder, Thorney, (with a relevant interest in Shares held across three separate associated entities being Tiga Trading Pty Ltd, Thorney Opportunities Ltd, and Urban Land Developments Pty Ltd, constituting Voting Power of 33.05% in the Company based on substantial holding notices that have been given to the Company and lodged with ASX on or prior to the date of this Prospectus) has committed to take up 100% of its Entitlements and to act as sub-underwriters to the Underwriters for up to 279,646,348 Shortfall Shares. Thorney shall not be entitled to participate in the Top Up Facility or participate in the Bookbuild.

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's Voting Power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%).

The table below indicates that, as a result of subscribing for New Shares in accordance with its own Entitlement and subscribing for any Shortfall Shares in accordance with its sub-underwriting obligations (if required to do so by the Underwriters) Thorney may increase its Voting Power to up to 44.31% (after the issue of Arrow Shares).

Item 10 of section 611 of the Corporations Act (**Rights Issue Exception**) provides an exception to section 606 of the Corporations Act for an acquisition as a result of taking up pro rata entitlements in an issue such as the rights issue under this Prospectus.

The Rights Issue Exception extends to an acquisition by a person as a sub-underwriter.

In addition, Item 13 of section 611 of the Corporations Act (**Underwriting Exception**) provides an exception to section 606 of the Corporations Act for an acquisition that results from an issue under a disclosure document (such as this Prospectus) of securities in a company if:

- a) the issue is to a person as Underwriters to the issue or sub-Underwriters; and
- b) the disclosure document discloses the effect that the acquisition would have on the person's Voting Power in the company.

Accordingly, any increase in Voting Power of Thorney as a result of Thorney subscribing for New Shares in accordance with its own Entitlement will be permitted pursuant to the Rights Issue Exception. In addition, any increase in Voting Power in Thorney as a result of Thorney subscribing for any Shortfall Shares in accordance with its sub-underwriting commitment will be permitted by either the Rights Issue Exception or the Underwriting Exception.

The allocation policy, as described in Section 3.5 above, will mitigate the control effects, if any, of Thorney's sub-underwriting of the Entitlement.

Assuming Thorney subscribes for 100% of its Entitlement and no other Eligible Shareholder subscribes for New Shares under the Entitlement Offer, Top Up Facility or Bookbuild, then there is a potential shortfall of 66.8% of the proposed issuance (being 1,113,256,888 Shares). The following table shows the potential effect or consequence on the control of the Company and the Voting Power of Thorney in the event of Thorney being required to subscribe for the maximum number of Shortfall Shares it has agreed to sub-underwrite. MRG believes that these scenarios are unlikely, as it assumes that no other Eligible Shareholder subscribes for its Entitlement and no other Eligible Shareholder applies for Additional New Shares or participates in the Bookbuild. In the event that any other Eligible Shareholder does apply for its Entitlement and elects to participate in the shortfall, then the allocation policy described above will ensure that that Eligible Shareholder is entitled to subscribe for its shortfall allocation in full in priority to Thorney and as such, MRG considers the scenarios listed below, and in particular, the dilutionary impact on other Shareholders, to be highly unlikely. As the Arrow Shares will be issued on or about Completion of the Offer, Thorney's Voting Power in the Company will be diluted by that issue. As such, the table discloses the Voting Power of Thorney following Completion of the Offer and following the issue of the Arrow Shares.

Thorney holding following take-up of their Entitlement	Percentage take up by Eligible Shareholders (other than Thorney)	Maximum potential allocation of New Shares to Thorney assuming pro-rata allocation <sup>1</sup>	Potential number Shares held by Thorney post Completion of the Offer and following the issue of Arrow Shares <sup>2</sup>	Potential Voting Power % of Thorney post Completion of the Offer and following the issue of Arrow Shares
697,763,744	100%	-	697,763,744	31.63%
697,763,744	75%	278,314,222	976,077,966	44.25%
697,763,744	50%	279,646,348	977,410,092	44.31%
697,763,744	25%	279,646,348	977,410,092	44.31%
697,763,744	0%	279,646,348	977,410,092	44.31%



1. Allocation to sub-underwriters is at the discretion of the Underwriters in agreement with the Company, however this column shows the maximum potential allocation to Thorney for illustrative purposes.
2. The number of Shares held by Thorney post Completion of the Offer shown in this column assumes that Thorney subscribes for 100% of its Entitlements and that the Underwriters exercises discretion to allocate 100% of Shortfall Shares to Thorney, subject to Thorney's maximum sub-underwriting commitment of up to 279,646,348 Shortfall Shares.

The number of Shares acquired by Thorney pursuant to its sub-underwriting obligation, and therefore Voting Power of Thorney post Completion of the Offer, will be reduced by the number of Entitlements accepted by other Eligible Shareholders under the Entitlement Offer, the number of Additional New Shares acquired by Eligible Retail Shareholders, the Entitlements taken up by Eligible Institutional Shareholders, Institutional Investors and Brokers in the Bookbuild and the proportion of any Shortfall Shares allocated by the Underwriters to other sub-underwriters. In addition, the Voting Power of Thorney will be diluted by the issue of Arrow Shares.

The terms on which Thorney has agreed to sub-underwrite the Entitlement Offer are as follows:

- Thorney has agreed to sub-underwrite up to 25.1% of any shortfall under the Entitlement Offer;
- the terms on which Thorney has agreed to sub-underwrite the Entitlement Offer are the same as other sub-underwriters;
- in the event that the Underwriters terminate the Underwriting Agreement, Thorney shall be entitled to terminate the sub-underwriting agreement. Thorney has no other rights of termination; and
- Thorney will receive a sub-underwriting fee of 1.0% of Thorney's take up and sub-underwriting commitment, which will be paid by the Underwriters.

# **5. Financial Information.**

## 5. Financial Information

### 5.1 Introduction

The financial information for the Company and its subsidiaries contained in Section 5 comprises:

- the historical consolidated statement of financial position as at 30 November 2019 (hereafter the “Historical Financial Information”); and
- the pro forma historical consolidated statement of financial position as at 30 November 2019 (hereafter the “Pro Forma Historical Financial Information”),

(collectively, the “Financial Information”).

Section 5.2 also summarises the basis of preparation and presentation of the Financial Information.

The Financial Information has been reviewed, in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Fundraising and/or Prospective Financial Information*, by Ernst & Young Transaction Advisory Services Limited as set out in the Independent Limited Assurance Report (ILAR) in Section 9. Investors should note the scope and limitations of the ILAR (refer to Section 9).

The information in Section 5 should also be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Total and Sub-totals in tables may not reconcile due to rounding differences.

### 5.2 Basis of preparation and presentation of financial information

#### 5.2.1 Overview

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Financial Information contained in this Prospectus is intended to present potential investors with information to assist them in understanding the financial position of the Company.

The Company is an incorporated public company and was incorporated on 6 September 2016.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB), which are consistent with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been prepared for the purpose of this Prospectus and has been derived from the Historical Financial Information, after adjusting for the effects of the pro forma adjustments described in Section 5.3.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 November 2019. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position.

The Financial Information has been presented in an abbreviated form insofar as it does not include all of the presentation, disclosures, statements or comparative information as required by AAS applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

## 5.2.2 Preparation of Historical and Pro Forma Historical Financial Information

### 5.2.2.1. Historical Financial Information

The Historical Financial Information has been derived from the interim consolidated financial report of the Company and its subsidiaries for the five months ended 30 November 2019 ("Interim Financial Report") which was prepared in accordance with AASB 134 *Interim Financial Reporting*.

The Interim Financial Report was reviewed by Ernst & Young. The review conclusion issued by Ernst & Young was qualified in respect of the prior period statements of comprehensive income and cashflows which are not comparative. The qualified review conclusion also included an emphasis of matter regarding a material uncertainty in relation to the Company's ability to continue as a going concern.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2019, except for the impact of the adoption of the new and revised Australian Accounting Standards described below.

The financial report of the Company for the year ended 30 June 2019 is available from the Company's website ([www.murrayriverorganicsinvestors.com.au](http://www.murrayriverorganicsinvestors.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

#### ***Changes in accounting policies, accounting standards and interpretations - AASB 16 Leases***

New accounting standard AASB 16 *Leases* ("AASB 16") was adopted by the Company from its effective date of 1 July 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 16 supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company has adopted AASB 16 using the modified retrospective method of adoption with the date of initial application being 1 July 2019. The reclassifications and adjustments arising from the transition to AASB 16 are therefore recognised in the opening statement of financial position at 1 July 2019. As the Company has adopted the modified retrospective method, there was no restatement of comparative information.

#### **Nature of the effect of adoption of AASB 16**

The Company is, or has been in the relevant period, a lessee under lease contracts for office and warehouse premises, the Colignan farm property, as well as various items of plant and equipment.

Before the adoption of AASB 16, the Company classified each of its leases at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date's fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Other assets and Trade and other payables, respectively.

Upon adoption of AASB 16, the Company applied a single recognition and measurement approach for all leases for which it is a lessee, except for short-term leases and leases of low-value assets. AASB 16 provides specific transition requirements and practical expedients, which have been applied by the Company.

- *Leases previously classified as finance leases*

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied on these leases from 1 July 2019.

The Colignan farm property lease was previously classified as a finance lease under AASB 117.

- *Leases previously classified as operating leases*

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the carrying amount as if AASB 16 had always been applied, apart from the use of the incremental borrowing rate at the date of initial application of AASB 16. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company has elected not to apply the requirements of AASB 16 to leases of intangible assets, including water rights that were previously accounted for as operating leases under AASB 117.

Application of practical expedients

In applying AASB 16 at the initial date of application, being 1 July 2019, the Company has applied the following available practical expedients:

- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- relied on its assessment of whether leases are onerous immediately before the date of initial application; and
- applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application.

Effect of adopting AASB 16 at 1 July 2019

The effect of adopting AASB 16 resulted in the following impact on the statement of financial position at 1 July 2019:

- increase in right-of-use assets presented in 'property, plant and equipment' of \$3.017 million;
- increase in current and non-current lease liabilities presented in 'borrowings' of \$1.026 million and \$2.683 million respectively;
- decrease in straight-line lease liabilities presented in 'trade and other payables' of \$0.466 million; and
- increase in accumulated losses of \$0.226 million.

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of AASB 16, which have been applied from the date of initial application of 1 July 2019.

- *Right of use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

- *Lease liabilities*

At the commencement date of the relevant lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The lease

payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The Company applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below \$5,000). Lease payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

- *Significant judgements*

The Company has made the following significant judgements with respect to its leases as lessee:

- *Determining the lease term of contracts with renewal options*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its property leases to lease the assets for additional terms of 2 to 10 years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy). The Company excluded the renewal option as part of the lease term for leases of its office and warehouse premises as the Company is not reasonably certain to exercise the options.

- *Determining the incremental borrowing rate*

The Company has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Company reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

#### **5.2.2.2. Pro Forma Historical Financial Information**

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information, after adjusting for pro forma transactions to reflect:

- (i) the impact of the Entitlement Offer as if the Entitlement Offer occurred on 30 November 2019;
- (ii) the impact of the derecognition of the Colignan property disposal group of assets and directly associated liabilities upon the surrender of the Colignan property lease (refer to Section 2.4.2.3), as if the surrender of the Colignan property lease occurred on 30 November 2019; and
- (iii) the impact of the modification of the multi-option Banking Facility (refer to Section 5.5) being the recognition of the modification loss and the reclassification of borrowings between current and non-current liabilities, as if the modification of the multi-option Banking Facility occurred at 30 November 2019.

Section 5.3 sets out a reconciliation between the Historical Financial Information and the Pro Forma Historical Financial Information as at 30 November 2019.

### 5.2.3 Going concern

The Financial Information has been prepared on a going concern basis, which contemplates continuity of the Company's normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the reasons described below, there is a material uncertainty whether the Company will continue as a going concern:

- The Company incurred a net loss of \$20.811 million and net cash outflows from operating activities of \$4.289 million for the five months ended 30 November 2019, largely due to restructure of the farming operations which resulted in the surrender of the Colignan property lease and an impairment charge of \$11.739 million recognised on the Colignan property assets and directly attributable liabilities held for sale at 30 November 2019.

Whilst solid operational progress has been made throughout the business, the extreme heat over the current summer in the Sunraysia region, increase in farming costs (in particular price of water) and the timing of its turnaround plans has impacted the profitability and cashflows of the Company (refer to Section 6.2.1).

During December 2019, the Company drew a further \$3.450 million under its existing Banking Facility to funds its operations.

- The Company forecasts to incur continued short-term net operating cash outflows and negative earnings and has identified that it requires additional funding imminently to continue its operations and to meet its debt repayment obligations under the Banking Facilities.
- On 27 December 2019 and 6 February 2020, the Company reached agreement with its financier in relation to amendments to its Banking Facilities. The amended Banking Facilities provide the Company with access to accelerated drawdowns on the term loan facility comprising of a \$2.0 million drawdown available from 1 January 2020 (which has since been drawn down) and, subject to execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020, a further \$2.0 million (which is currently expected to be drawn down). The amended Banking Facilities also require the Company to comply with certain additional undertakings and other obligations which include:
  - execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020 and Completion of the Entitlement Offer in accordance with an agreed timetable;
  - achieving targets of forecast cash flows agreed with the Company's financier up to the Completion of the Entitlement Offer;
  - making principal repayments on the term loan facility of \$4.0 million by 31 March 2020, \$7.5 million by 30 November 2020, and \$2.5 million by 30 June 2021 (or, in respect of each repayment date, such later date as may be agreed between the parties). Following the repayments, the term loan facility will be permanently reduced to \$40.000 million; and
  - compliance with certain financial covenants related to agreed Minimum Underlying EBITDA-S and Net Tangible Assets measures.

The Directors have considered the above factors as well as the forecast future cashflows and believe that the Company will be able to continue as a going concern for the following reasons:

- the Company is actively pursuing a capital raise of a minimum \$25.0 million (being the Entitlement Offer), targeted for completion by 5 March 2020;
- under the amended Banking Facilities, the Company has obtained accelerated bank funding, as described above, to support the operations of the Company through to Completion of the Offer;

- the Company has been actively monitoring its cashflow forecasts to meet the agreed targets with the Company's financier up to the Completion of the Offer; and
- the Company is preparing to meet the principal repayment obligations under its amended Banking Facilities by 31 March 2020, 30 November 2020 and 30 June 2021. To date, the Company is actively marketing the sale of its Fifth Street property and is pursuing the sale of other assets including the Nangiloc property. The Company is confident that funding generated from the sale of these assets will be sufficient to meet the required \$7.5 million and \$2.5 million principal repayments by 30 November 2020 and 30 June 2021 respectively. The principal repayment of \$4.0 million due by 31 March 2020 is expected to be funded through proceeds from the proposed Entitlement Offer.

The Directors believe there are reasonable grounds to consider that the Company can continue as a going concern based on the Company's trading and cash flow forecasts, reasonable confidence of raising sufficient additional equity funding under the Entitlement Offer, confidence in meeting the obligations under its Banking Facilities and continued support from the Company's financier.

Notwithstanding the above, in the event that the Company is not able to meet any one or more of the following:

- achievement of trading and cash flow forecasts to the date of the Completion of the Offer and for future periods;
- successful completion of the Entitlement Offer to raise sufficient additional equity funding to fund the Company's turnaround plans; or
- fulfil its obligations under its amended Banking Facilities, including meeting the required principal repayments by 31 March 2020, 30 November 2020 and 30 June 2021,

there is a material uncertainty whether the Company will be able to continue as a going concern and, therefore, continue its business activities and realise its assets and discharge its liabilities in the normal course of business.

The Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

## **5.2.4 Explanation of certain non-International Financial Reporting Standards (IFRS) financial measures**

Investors should be aware that certain information included in this Section 5 is considered 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that these non-IFRS financial measures provide useful information to readers in measuring the financial performance and condition of the Company. As non-IFRS financial measures are not defined under AAS or IFRS, these do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial measures.

In particular, the following non-IFRS financial measures are included in the Prospectus:

### **1. Net Debt**

- Net Debt, as referenced in Section 5.4, represents total borrowings less cash and cash equivalents.

### **2. Net Bank Debt**

- Net Bank Debt, as referenced in Section 5.4, represents total borrowings (excluding the Colignan property lease liability and right of use asset lease liabilities) less cash and cash equivalents.
- Management believes this is a useful measure as it displays the Company's credit position.
- One of the limitations of this measure is that cash and cash equivalents will be required for purposes other than debt reduction.



### 3. Underlying EBITDA-S

- Underlying EBITDA-S, as referenced in Sections 5.2.3, 5.3 and 5.5.8 represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on Self-Generating and Regenerating Assets ("SGARA" or biological assets), excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*, and excluding one-off items as agreed with the Company's financier.

### 4. EBITDA-S

- EBITDA-S, as referenced in Sections 2.4.1 and 2.4.2 represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on SGARA, excluding the impact of AASB 16 *Leases*.

### 5. Net Tangible Assets (NTA)

- Net Tangible Assets, as referenced in Section 5.5.8, represents total assets less intangible assets less total liabilities (excluding deferred tax liabilities) less deferred tax assets, excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.

## 5.3 Historical Financial Information and Pro Forma Historical Financial Information

The Historical Financial Information and Pro Forma Historical Financial Information of the Company as at 30 November 2019 are set out below.

The Pro Forma Historical Financial Information is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position. In particular, it does not take into account any operating losses and cash generated or utilised by the Company from 30 November 2019 to Completion of the Entitlement Offer. It has also not been prepared on a fully diluted basis meaning that it assumes that none of the existing Performance Rights vest, nor any of the Options, are exercised.

Further information on the sources and uses of funds of the Entitlement Offer is contained in Section 4.

Table 1: Historical Financial Information and Pro Forma Historical Financial Information as at 30 November 2019

\$'000	Note	Historical Financial Information as at 30 November 2019 (1)	Pro forma adjustments				Pro Forma Historical Financial Information as at 30 November 2019
			Impact of the offer (2)	Surrender of Coligan lease (3)	Banking facility modification - measurement (4)	Banking facility modification - re-classification (5)	
<b>Current assets</b>							
Cash and cash equivalents		486	22,051	(1,325)	-	-	21,212
Trade and other receivables		5,875	-	-	-	-	5,875
Inventories		19,354	-	-	-	-	19,354
Agricultural produce		4,482	-	-	-	-	4,482
Other assets		1,082	-	-	-	-	1,082
Other financial asset		209	-	-	-	-	209
		<b>31,488</b>	<b>22,051</b>	<b>(1,325)</b>	<b>-</b>	<b>-</b>	<b>52,214</b>
Assets held for sale		29,554	-	(23,193)	-	-	6,361
<b>Total current assets</b>		<b>61,042</b>	<b>22,051</b>	<b>(24,518)</b>	<b>-</b>	<b>-</b>	<b>58,575</b>
<b>Non-current assets</b>							
Property, plant and equipment		42,388	-	-	-	-	42,388
Deferred tax assets	6	-	-	-	-	-	-
<b>Total non-current assets</b>		<b>42,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,388</b>
<b>Total assets</b>		<b>103,430</b>	<b>22,051</b>	<b>(24,518)</b>	<b>-</b>	<b>-</b>	<b>100,963</b>
<b>Current liabilities</b>							
Trade and other payables		7,254	-	251	88	-	7,593
Borrowings		2,660	-	-	250	11,500	14,410
Provisions		605	-	-	-	-	605
		<b>10,519</b>	<b>-</b>	<b>251</b>	<b>338</b>	<b>11,500</b>	<b>22,608</b>
Liabilities directly associated with assets held for sale		26,347	-	(26,347)	-	-	-
<b>Total current liabilities</b>		<b>36,866</b>	<b>-</b>	<b>(26,096)</b>	<b>338</b>	<b>11,500</b>	<b>22,608</b>
<b>Non-current liabilities</b>							
Borrowings		50,948	-	-	489	(11,500)	39,937
Deferred tax liabilities	6	-	-	-	-	-	-
Provisions		565	-	-	-	-	565
<b>Total non-current liabilities</b>		<b>51,513</b>	<b>-</b>	<b>-</b>	<b>489</b>	<b>(11,500)</b>	<b>40,502</b>
<b>Total liabilities</b>		<b>88,379</b>	<b>-</b>	<b>(26,096)</b>	<b>827</b>	<b>-</b>	<b>63,110</b>
<b>Net assets</b>		<b>15,051</b>	<b>22,051</b>	<b>1,578</b>	<b>(827)</b>	<b>-</b>	<b>37,853</b>
<b>Equity</b>							
Contributed equity	7	150,888	22,051	1,578	-	-	174,517
Reserves		(39,034)	-	-	-	-	(39,034)
Accumulated losses		(96,803)	-	-	(827)	-	(97,630)
<b>Total equity</b>	8	<b>15,051</b>	<b>22,051</b>	<b>1,578</b>	<b>(827)</b>	<b>-</b>	<b>37,853</b>

Notes to Table 1:

**(1) Historical Financial Information**

The historical consolidated statement of financial position as at 30 November 2019 as derived from the Company's Interim Financial Report for the five months ended 30 November 2019.

**(2) Impact of the Entitlement Offer**

Under the terms of the Entitlement Offer, the Company is offering to issue 1,666,943,873 New Shares to raise approximately \$25.000 million before transaction costs of \$2.949 million. The \$2.949 million of transaction costs, excludes any costs relating to the surrender of the Coligan lease and Arrow Shares to be issued to Arrow as part of the surrender of the Coligan lease.

**(3) Surrender of Coligan lease**

On 11 December 2019, the Company announced that it had reached an agreement with the landlord of the Colignan property, Arrow, to surrender control of the leased Colignan property back to Arrow in the property's condition at the surrender date for extinguishment of the Company's lease liabilities owed to Arrow. The terms of the lease surrender also include:

- the Company is required to pay to Arrow a surrender fee of \$1.325 million, comprising of:
  - \$0.825 million paid from the proceeds of a bank guarantee (which was paid on or about the surrender date); and
  - \$0.500 million paid from the proceeds of, and conditional upon, the Entitlement Offer;
- the Company is to issue Arrow with 5% of the issued share capital of the Company (after any equity capital raising); and
- Murray River Organics Pty Ltd, a subsidiary of the Company has entered into a 3 year off-take agreement for dried vine fruit grown on the Colignan property.

As at 30 November 2019, the Company was significantly progressed in its discussions with Arrow and the Directors of the Company were committed to a plan to surrender the lease back to Arrow. As a result, the Directors of the Company determined the transaction was highly probable at 30 November 2019 and the assets as well as liabilities directly associated with the Colignan property have been treated as held for sale as at 30 November 2019.

Following the classification of the Colignan property as held for sale as disclosed in the Company's interim consolidated financial statements for the 5 months ended 30 November 2019, an impairment expense was recorded to reduce the carrying amounts of the assets to their fair value less costs to sell in the historical consolidated financial statements for the five months ended 30 November 2019.

As a result of the surrender of the Colignan property lease on 11 December 2019, a pro forma adjustment has been made to derecognise the assets held for sale (including directly related liabilities) and record liabilities for disposal costs in the pro forma historical consolidated statement of financial position as at 30 November 2019.

The remaining assets held for sale in the pro forma historical consolidated statement of financial position as at 30 November 2019 relates to the Fifth Street property that is being actively marketed for sale.

#### **(4) Banking Facility modification – measurement**

The Company agreed with its financier to modify its multi-option Banking Facility on 27 December 2019 and 6 February 2020, which requires the Company to enter into an underwriting agreement in respect of the Entitlement Offer by no later than 7 February 2020. The amended terms of the Banking Facility include a higher interest margin and an acceleration of principal repayments which resulted in a loss of \$0.827 million on modification of the Banking Facility that has been recognised as a pro forma adjustment in accumulated losses. Costs incurred to modify the Banking Facility of \$0.088 million have been included as a pro forma adjustment in the carrying amount of the borrowings and will be recognised over the life of the loan using the effective interest rate method.

#### **(5) Banking Facility modification – classification**

Under the terms of the amended multi-option Banking Facility, which requires the Company to enter into an underwriting agreement in respect of the Entitlement Offer by no later than 7 February 2020, \$4.000 million of borrowings is to be repaid by 31 March 2020 (expected to be satisfied out of the proceeds of the Entitlement Offer), and \$7.500 million and \$2.500 million is to be repaid by 30 November 2020 and 30 June 2021 respectively (or such later date as may be agreed between the parties). As a result, \$11.500 million of borrowings has been reclassified from 'non-current' to 'current' liabilities as a pro forma adjustment.

## (6) Deferred tax assets and liabilities

The Company has recorded a net deferred tax liability from temporary differences of \$3.999 million as at 30 November 2019 that has been reduced to nil by the recognition of carry forward income tax losses as a deferred tax asset. The ability of the Company to utilise the carry forward income tax losses in future years when taxable profit is generated will be subject to the satisfaction of Australian statutory recoupment tests – the 'Continuity of Ownership Test', or failing this, the 'Same Business Test'. Based on independent advice, the directors of the Company believe that the Company has satisfied the 'Continuity of Ownership Test' as at 30 November 2019. The ability of the Company to satisfy either of the recoupment tests at the time it seeks to utilise the losses will not be known until that time.

## (7) Reconciliation of contributed equity

Table 2 sets out a reconciliation of the number of fully paid ordinary shares, Options and Performance Rights of the Company as at 30 November 2019 and taking into account the impact of the Entitlement Offer and following the issue of the Arrow Shares:

Table 2: Reconciliation of contributed equity

	Historical as at 30 November 2019	Forfeited <sup>(c)</sup>	Impact of the Entitlement Offer <sup>(a)</sup>	Surrender of Colignan lease <sup>(b)</sup>	Pro Forma Historical as at 30 November 2019
Fully paid ordinary shares	433,761,091		1,666,943,873	105,035,248	2,205,740,212
Options	24,825,000	(1,000,000)	-	-	23,825,000
Performance Rights	3,226,563		-	-	3,226,563

Notes to Table 2:

### (a) Impact of the Entitlement Offer

Under the terms of the Entitlement Offer, the Company is offering to issue 1,666,943,873 New Shares to raise approximately \$25.000 million before transaction costs of \$2.949 million.

### (b) Surrender of Colignan lease

The terms of the surrender of the Colignan property lease on 11 December 2019 includes a requirement that the Company issues Arrow with 5% of the issued share capital of the Company (after any equity capital raising). The Company is expected to issue 105,035,248 Arrow Shares to Arrow, equating to 5% of the ordinary Shares of the Company on issue following the Completion of the Entitlement Offer.

### (c) Forfeiture of Keith Mentiplay options

Subsequent to 30 November 2019 Keith Mentiplay resigned as a director and his 1,000,000 options were forfeited.

## (8) Reconciliation of total equity

Table 3 sets out a reconciliation of the total equity of the Company as at 30 November 2019, and after reflecting the impact of the Entitlement Offer and Issue of Arrow Shares:

Table 3: Reconciliation of total equity

\$'000	As at 30 November 2019
<b>Total Equity per Historical Financial Information</b>	<b>15,051</b>
Proceeds from the Entitlement Offer <sup>(a)</sup>	25,000
Transaction costs of the Entitlement Offer <sup>(a)</sup>	(2,949)
Surrender of Colignan lease <sup>(b)</sup>	1,578
Banking Facility modification – measurement <sup>(c)</sup>	(827)
<b>Total Equity per Pro Forma Historical Financial Information</b>	<b>37,853</b>

Notes to Table 3:

**(a) Impact of the Entitlement Offer**

Under the terms of the Entitlement Offer, the Company is offering to issue 1,666,943,873 New Shares to raise approximately \$25.000 million before transaction costs of \$2.949 million.

**(b) Surrender of Colignan lease**

The terms of the surrender of the Colignan property lease on 11 December 2019 includes a requirement that the Company issues Arrow with 5% of the issued share capital of the Company (after any equity capital raising). The Company is expected to issue 105,035,248 Arrow Shares, equating to 5% of the ordinary Shares of the Company on issue following the Completion of the Entitlement Offer. The fair value of the ordinary shares of the Company to be issued to Arrow has been estimated at \$0.015 per Share.

**(c) Banking facility modification – measurement**

The Company agreed with its financier to modify its multi-option Banking Facility on 27 December 2019 and 6 February 2020, which requires the Company to enter into an underwriting agreement in respect of the Entitlement Offer by no later than 7 February 2020. The amended Banking Facilities include a higher interest margin and an acceleration of principal repayments which resulted in a loss of \$0.827 million on modification of the Banking Facility that has been recognised as a pro forma adjustment in accumulated losses.

**(9) Subsequent events**

**(a) Surrender of Colignan lease**

On 11 December 2019, the Company announced that it had reached an agreement with the landlord of the Colignan property, Arrow, to surrender control of the leased Colignan property back to Arrow in the property's condition at the surrender date for extinguishment of the Company's lease liabilities owed to Arrow. The terms of the lease surrender also include:

- the Company is required to pay to Arrow a surrender fee of \$1.325 million, comprising of:
  - \$0.825 million paid from the proceeds of a bank guarantee (which was paid on or about the surrender date); and
  - \$0.500 million paid from the proceeds of, and conditional upon, the Entitlement Offer;
- the Company is to issue Arrow with 5% of the issued share capital of the Company (after any equity capital raising); and
- Murray River Organics Pty Ltd, a subsidiary of the Company, has entered into a 3 year off-take agreement for dried vine fruit grown on the Colignan property.

The impact of the surrender of the Colignan lease has been reflected in the Pro Forma Historical Financial Information as at 30 November 2019.

**(b) Banking Facility modification**

During December 2019, the Company drew a further \$3.450 million under its existing Banking Facility to funds its operations.

On 27 December 2019 and 6 February 2020, the Company reached agreement with its financier to modify its multi-option Banking Facility.

The amended Banking Facility provides the Company access to accelerated drawdowns on the term loan facility comprising of a \$2.000 million drawdown available from 1 January 2020 (which has since been drawn down) and, subject to execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020, a further \$2.000 million (which is expected to be drawn down).

The amended Banking Facility also requires the Company to comply with certain additional undertakings which include:

- execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020 and Completion of the Offer in accordance with an agreed timetable;
- achieving certain targets of forecast cash flows agreed with the Company's financier up to the Entitlement Offer;
- making a principal repayment of \$4.000 million on the term loan facility by 31 March 2020. Following repayment, the term loan facility will be permanently reduced to \$50.000 million;
- making a principal repayment of \$7.500 million on the term loan facility by 30 November 2020 (or such later date as may be agreed between the parties). Following repayment, the term loan facility will be permanently reduced to \$42.500 million;
- making a principal repayment of \$2.500 million on the term loan facility by 30 June 2021 (or such later date as may be agreed between the parties). Following repayment, the term loan facility will be further permanently reduced to \$40.000 million; and
- compliance with certain financial covenants related to agreed Minimum Underlying EBITDA-S and Net Tangible Assets measures.

The measurement and classification impact of the amended Banking Facility modification are reflected in the Pro Forma Historical Financial Information as at 30 November 2019.

## 5.4 Indebtedness

The Pro Forma Historical Financial Information reflects the amended multi option debt facility as if the amendments occurred as at 30 November 2019. As such, the Net Debt reflected in the Pro Forma Historical Financial Information as at 30 November 2019 of \$33.135 million does not reflect the various anticipated cash requirements of the business between 30 November 2019 and Completion of the Offer.

Table 4 sets out the indebtedness of the Company as at 30 November 2019, and after reflecting the impact of the Entitlement Offer:

*Table 4: Historical Net Debt to the pro forma historical Net Debt as at 30 November 2019*

<b>\$'000</b>	<b>As at 30 November 2019</b>
Cash and cash equivalents	(486)
Current borrowings	2,660
Non-current borrowings	50,948
<b>Historical Net Debt before Completion of the Entitlement Offer</b>	<b>53,122</b>
Impact of the Entitlement Offer	(22,051)
Surrender of Colignan lease	1,325
Banking facility modification – measurement	739
<b>Pro forma historical Net Debt after Completion of the Entitlement Offer</b>	<b>33,135</b>
<i>Comprising of:</i>	
Net Bank Debt	29,032
Lease liabilities – right-of-use assets	4,103
<b>Pro forma historical Net Debt after Completion of the Entitlement Offer</b>	<b>33,135</b>

## 5.5 Description of Banking Facilities

### 5.5.1 Background

Prior to 30 November 2019, the Company had renegotiated its multi-option banking facility with its financier, the National Australia Bank ("NAB"), which expires on 30 November 2021 (**Banking Facilities**). As at 30 November 2019, the details of the Banking Facilities were as follows:

- a \$55.000 million term loan facility with availability up to:
  - \$50.000 million by 30 November 2019;
  - \$53.000 million by 31 January 2020; and
  - \$55.000 million by 30 April 2020.
- a \$7.300 million equipment finance loan facility;
- a \$1.285 million bank guarantee; and
- a \$0.100 million card facility.

On 27 December 2019 and 6 February 2020, the Company agreed with its financier to further amendments in an amended multi-option Banking Facility which includes access to accelerated drawdowns on the term loan facility with the following modification to the availability of funding up to:

- \$52.000 million by 1 January 2020 (which has since been drawn down); and
- subject to execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020, \$54.000 million (which is anticipated to be drawn down).

The ongoing availability of the amended Banking Facilities is conditional upon (in addition to regular reporting obligations and notification obligations):

- execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020 and Completion of the Offer in accordance with an agreed timetable;
- achieving targets of forecast cash flows agreed with the Company's financier up to the Entitlement Offer; and
- compliance with certain financial covenants related to agreed Minimum Underlying EBITDA-S and Net Tangible Assets measures.

The Company is also required to make the following repayments, prior to the outstanding balance of all amended Banking Facilities being repayable upon expiry on 30 November 2021:

- \$4.000 million on the term loan facility by 31 March 2020. Following repayment, the term loan facility will be permanently reduced to \$50.000 million. Repayment is anticipated to be made out of the proceeds of the Entitlement Offer; and
- \$10.000 million on the term loan facility by 30 June 2021 in two tranches as follows:
  - \$7.500 million by 30 November 2020 (or such later date as may be agreed between the parties); and
  - \$2.500 million by 30 June 2021 (or such later date as may be agreed between the parties).

Following repayment, the term loan facility will be further permanently reduced to \$40.000 million. Repayment of the further \$10.000 million is expected to be met by way of sale of assets (refer to Section 2.5.1). Under the terms of the amended Banking Facilities, MRG must prepay amounts owing under Facility 1, with 100% of the net sale proceeds of any real property asset sold or otherwise disposed of by any member of the Group. Therefore, unless otherwise agreed, all amounts realised on the sale of assets must be applied towards prepayment of Facility 1.

The nature of the amended Banking Facilities is as follows:

- Facility 1 is a core debt and working capital facility and is available to be drawn throughout the term, subject to any repayment and permanent reduction (prepayment) obligations of Facility 1 as described below at 5.5.9;
- Facility 2 was amended to be combined with Facility 1 and was consequently cancelled;

- Facility 3 is an equipment leasing facility with an initial limit of \$7.300 million. Additional equipment finance is subject to the provision of a capital expenditure budget and equipment/asset review by NAB for any assets to be funded;
- Facility 4 is a bank guarantee facility with a limit of \$0.460 million; and
- Facility 5 is a business card facility with a limit of \$0.100 million.

### **5.5.2 Security**

The amended Banking Facilities are secured by:

- a general security agreement over the assets of Murray River Organics Group Limited and its subsidiaries; and
- a registered mortgage over all the properties owned by Murray River Organics Group Limited and its subsidiaries.

### **5.5.3 Guarantors**

The amended Banking Facilities are guaranteed by Murray River Organics Group Limited and its subsidiaries.

### **5.5.4 Interest rates and payments**

Facility 1 bears interest at a Base Rate plus the applicable margin. The Base Rate is determined by NAB and is equal to the Australian Bank Bill Swap Reference Rate (Bid) administered by ASX Benchmarks displayed on page BBSY of the Thomson Reuters Screen on the first day of that pricing period for a period equal to that pricing period and which starts on that day, and NAB's minimum return margin for the tenor of the pricing period.

Interest for Facility 1 is payable on the last day of each interest period (which is for 30 to 180 days).

### **5.5.5 Events of default**

The amended Banking Facilities contain certain events of default which are customary for such facilities and of a similar business nature to the Company's business and include where:

- an Obligor defaults in payment of amounts when due and payable;
- there is a failure to comply with financial covenants;
- there is a failure by any Obligor to observe or perform any undertaking; and
- an insolvency event occurs in respect of an Obligor.

In addition, it will be an event of default where there is a material deterioration in the weekly net cashflows from those set out in the information provided to NAB in accordance with the Company's reporting obligations, or where there is a material adverse development in respect of the Entitlement Offer, including any delay of more than 5 business days to any key date in the Entitlement Offer timetable agreed with NAB.

The Company anticipates that at any time after and during the continuance of an event of default, NAB will be entitled to, among other things, terminate the commitments and declare the loans then outstanding to be due and payable in whole or part.

### **5.5.6 Representations and warranties**



The amended Banking Facilities contains customary representations and warranties for facilities of this nature, including that:

- the Company is duly incorporated and has duly executed the facility documents;
- there is no litigation pending or threatened (subject to a material adverse effect qualification);
- there is no event of default; and
- the necessary authorisations required for each of the facility documents have been obtained.

#### **5.5.7 Reporting requirements**

The Obligors are subject to usual positive reporting under the amended Banking Facilities including an undertaking to provide:

- annual audited statutory accounts within 90 days of 30 June each year;
- half year financial statements within 60 days of 31 December each year;
- an annual Board approved budget by 15 June each year;
- quarterly three-way reports including actual to budget and variance on key line items (including the Vineyard Development costs) within 45 days of quarters ended September, December, March and June; and
- farming, crop (biological asset) and production operational management reports are to be provided at the quarters ending September, December and March and on completion of harvest, yield information by farm.

The Company must also provide weekly updates to NAB in respect of the Entitlement Offer and the Company's cash flow position, with reference to the cash flow forecast prepared on behalf of NAB in December 2019.

#### **5.5.8 Financial Covenants**

The following Financial Covenants apply:

- Minimum Underlying EBITDA-S to not adversely vary from the forecasted position provided to and accepted by NAB for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021; and
- Minimum Shareholders Funds / Net Tangible Assets (NTA) to not adversely vary from the forecasted position provided to and accepted by NAB for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021.

The Financial Covenants can be reviewed upon request based upon updated Board approved forecasts as deemed acceptable by NAB. Both covenants exclude the impacts of new accounting standards introduced during the term of the amended Banking Facilities (which includes AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*). MRG expects to comply with the Financial Covenants and other undertakings of the amended Banking Facilities.

#### **5.5.9 Prepayment**

The proceeds from the disposal of any of the Company's real property assets are to be applied to the permanent reduction of Facility 1, together with accrued interest on the amount prepaid and economic costs and fees in relation to that prepayment. Therefore, unless otherwise agreed, all amounts realised on the sale of assets must be applied towards prepayment of Facility 1, which may be used to meet the mandatory repayments of \$7.5 million and \$2.5 million by 30 November 2020 and 30 June 2021 respectively.

In addition, the following market standard provisions under the amended Banking Facilities apply in

relation to prepayments, including:

- the right to repay any loan in whole or part, subject to the prepayment or break costs; and
- a requirement to prepay the amended Banking Facilities in full if all or substantially all of the assets or businesses of the Company are disposed.

#### **5.5.10 Fees**

Customary fees for facilities of this nature apply, including any applicable legal, documentation and registration fees.

Under the amended Banking Facilities, the Company is also obliged to pay a work fee to NAB in two tranches as follows:

- Tranche 1 on the first drawdown date after the date of the amending deed; and
- Tranche 2 on the date on which the full \$54.000 million under the facility becomes available to MRG.

#### **5.5.11 Conditions precedent**

The continued availability of the amended Banking Facilities is subject to:

- execution of an underwriting agreement for a capital raising of at least \$25.0 million by no later than 7 February 2020;
- achieving targets of forecast cash flows agreed with the Company's financier up to the Entitlement Offer;
- compliance with certain financial covenants related to agreed Minimum Underlying EBITDA-S and Net Tangible Assets measures;
- compliance with repayment obligations of \$4.0 million by 30 March 2020, \$7.5 million by 30 November 2020 and \$2.5 million by 30 June 2021 (or, in respect of each repayment date, such later date as may be agreed between the parties);
- payment by the Company of fees of NAB's advisers in accordance with the terms of the amended Banking Facilities; and
- compliance by the Company with its reporting obligations, and obligations to co-operate with NAB's advisers, under the amended Banking Facilities.

# **6. Key risks.**

## 6. Key risks

### 6.1 Introduction

This Section identifies some of the key material risks associated with MRG's business, the industry in which it operates, and the risks associated with an investment in Shares. MRG is subject to a number of risks both specific to its business activities, and of a general nature. Individually, or in conjunction, these may materially adversely impact the future operating and financial performance of MRG, the investment returns and the value of Shares.

The occurrence or consequences of some of the risks described in this Section are partially or completely outside of the control of MRG, its Directors and Management Team. Investors should note that this Section 6 does not purport to list every risk that may be associated with MRG's business, the industry in which it operates, or an investment in Shares, now or in the future. The selection of risks has been based on assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur.

This assessment is based on the knowledge of the Directors as at the date of the Prospectus, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that the Group will achieve its stated objectives, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance may not be a reliable indicator of future performance. Before applying for New Shares or Additional New Shares, investors should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser (as applicable) before deciding whether to invest in MRG.

Before deciding to invest in the Company, potential investors should:

- read the entire Prospectus;
- review these factors in light of their personal circumstances; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### 6.2 Risks specific to an investment in MRG

#### 6.2.1 Execution and impact of the turnaround strategy

Following a strategic review of the business in June 2018, the turnaround strategy was announced which focused on operations, customer, farms, 3rd party supply, system, people & culture. In FY2019 significant progress was undertaken in each of these areas and further work is ongoing. However MRG does not expect that the benefits of the turnaround strategy will generate positive cash flows in the near term and there is no guarantee as to the benefits that the turnaround strategy will realise, nor the time that may be required to realise these benefits. Delays or failure to efficiently implement the turnaround strategy could have a material adverse effect on MRG's future financial performance.

For example, as previously announced to the market, MRG faced challenges in implementing its turnaround strategy over FY2019 and the first half of FY2020 including as a result of extended drought conditions, severe weather conditions in Sunraysia, higher than expected farm operating costs and significant increases in water prices. In addition, replacement of generic product lines with new, higher-margin products domestically has taken longer than initially anticipated. Each of these factors, many of which are outside the control of the Group, has adversely impacted the ability of MRG to implement the turnaround plan in accordance with forecasted budgets and timeframes. These delays have, in turn, required MRG to expend funds more rapidly than initially anticipated and resulted in increased costs to the business, which has had a material adverse impact on MRG's financial performance and realisation of the benefits of the turnaround strategy.

The key financial conditions MRG must meet to continue to fund its turnaround strategy are outlined in Section 5.2.3.

There is a risk that MRG may continue to face challenging conditions, or that new risks may materialise, which could further impact its ability to continue to implement the turnaround strategy.

### **6.2.2 Access to funding**

During FY2019 the Group successfully completed a capital raising of \$30.6 million and renegotiation of a new three-year multi option banking facility with NAB expiring 30 November 2021 to support its turnaround strategy. In December 2019 and February 2020, MRG announced further amendments to its Banking Facilities with NAB as part of its ongoing capital management initiatives, the terms of which require MRG to repay \$4.0 million by 31 March 2020, \$7.5 million by 30 November 2020 and \$2.5 million by 30 June 2021 (or, in respect of any repayment date, such later date as agreed by the parties), thereby reducing the total amount available under the facility to \$40.0 million. The Group is also required to meet financial covenants. The details of the Banking Facilities are set out in Section 5.5.

The Group has experienced variability in the amount and timing of operating cash flows to enable the Group to successfully execute its turnaround plan during the first year of its three-year turnaround plan, and there is a risk that MRG may experience further variability in its cash flow requirements.

The Group may also require further funding in the future to complete the current turnaround strategy or to fund growth strategies. There is a risk that the Group may be unable to access debt or equity funding from the capital markets or its existing lenders on favourable terms, or at all.

### **6.2.3 Customer risk**

MRG's top ten customers comprised approximately 75% of FY2019 sales. There is a risk that MRG may lose customers for a variety of reasons, including a failure to meet key requirements under the contract, material breach of contract, or customers increasing their emphasis on private label products.

The loss of any large customer, particularly key customers such as major Australian supermarkets, the reduction of purchasing levels or the cancellation of any business from a large customer for an extended length of time could negatively impact the Group's sales and profitability. Depending on the reason for the loss of a key customer, it may also have a negative impact on the Group's reputation.

In addition, many of MRG's customer contracts are short term (and typical of the sector MRG operates in), with supply periods typically for one to three years (which may depend on the product's seasonality), and the prices at which its products are sold are subject to fluctuation depending on the level of supply and demand at the time the products are sold. In addition, a significant proportion of these customer contracts do not have fixed or minimum volume requirements and do not oblige customers to continue purchasing MRG's branded products.

MRG's market share and/or profit margins could be materially and adversely impacted by customers taking actions that are adverse to the Group's interests, including:

- materially changing its trading terms with MRG;
- promoting the products of one or more of MRG's competitors or new entrants into organic, natural or 'better-for-you' food products; or
- refusing to promote or stock MRG's products or significantly reducing orders for its products.

#### **6.2.4 Horticultural risk**

As with any viticultural crop, there are a number of factors that may affect yield. Yields may vary from vine to vine and from harvest to harvest, which may impact Murray River Organics' performance. For example, as an agricultural producer, weather, diseases and climatic conditions directly affect the business operations of the Group, as MRG has experienced over the course of FY2019 and the first half of FY2020. Climate change or prolonged periods of adverse weather and climatic conditions may have a negative effect on agricultural productivity and growing costs, which may result in decreased availability or less favourable pricing for MRG's products or certain commodities that are necessary for its products. Weather and climatic conditions may negatively impact both MRG and its competitors, however, the extent of the impact may be more significant to MRG due to a number of factors, including the location of MRG's farming assets, its supply chain and its operational processes and decision. For example, as a result of adverse weather conditions in early 2019, there was an increase in blemish rates and a decrease in the size of Murray River Organics' citrus products, which placed downward pressure on citrus pricing. Drought conditions and extreme weather events continue to persist and are occurring with greater frequency, which may adversely impact MRG's yield rates and quality.

If the Group's organic crop is reduced (either in size or in quality), Murray River Organics may not be able to find sufficient supply sources on favourable terms, which could impact the Group's ability to supply product to customers and adversely affect the Group.

#### **6.2.5 Water supply**

An adequate supply of suitable water is crucial to the success of MRG's ability to grow crop on its properties.

While the irrigation water from both the Murray River and the Darling River is currently suitable for dried vine fruit production, having particular regard to its salinity, there is a risk that MRG could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the environment, such as changes in salinity levels, many of which are beyond MRG's control. Changes to the availability of water or water quality may impact MRG's operations. The sporadic and unreliable rainfall and widespread and ongoing drought across Australia has not had any impact on the water quality of MRG's water supply but could do in the future.

Whilst MRG has leased permanent water rights, its current water leases expire in June 2020, with 2 leases (for 4,193 megalitres of water (in aggregate)), containing a renewal option for a further 5 years, subject to receipt of the necessary governmental authority approvals (see Section 2.2.1 for further details). There is a risk MRG may be unable to secure these approvals (either at all or on terms acceptable to MRG). In addition, unexpected changes in climatic conditions, or extended drought conditions as is currently being experienced in Australia, may affect future allocation or availability of permanent water rights. For example, during 2019, due to the drought conditions, seasonal water allocations were reduced, requiring MRG to purchase additional water on-market at spot prices that can, and in 2019 did, vary dramatically from the price of leased water.

The spot price of water is determined by the relative supply of and demand for water in that region. Financial investors have been active in water markets and now own significant permanent water rights. Trading of water rights has resulted in dramatic changes to water prices relative to similar periods in the past (prior to the deregulation of water markets).

In 2019, the significant increase in water prices resulted in a material increase in the cost to MRG of the spot water required to maintain and remediate its vines. Given the recent exit from Colignan property lease, MRG's leased water is expected to be sufficient to meet over 95% of its ongoing Core Farm needs, subject to receiving full water allocation under the leases. However, allocations are not certain, are impacted by weather and rainfall and are outside of Murray River Organics' control. To the extent that spot water is required, including in the event that allocations are less than 100%, MRG will be required to buy water at prevailing market prices. If there was a material increase in the price of water, as was experienced during 2019, this could have a material impact on MRG's farming operations or costs, and its subsequent financial performance. If MRG's plantings are not watered, their performance will decline and the plants could die.

#### **6.2.6 Operation in highly competitive markets**

MRG operates in highly competitive geographic and product markets with other organic and natural packaged food brands and companies, which may be more innovative and able to bring new products to market faster and better able to quickly exploit and serve niche markets. This could have a material adverse impact on the financial performance and prospects of the Group. Numerous brands and products compete for limited retailer shelf space, where competition is based on product quality, brand recognition, brand loyalty, price, product innovation, promotional activity, availability and taste among other things. Such competitive forces may result in an adverse impact on the profitability and prospects of the Group.

In addition, some of the Group's markets are dominated by multinational corporations with greater resources and more substantial operations than MRG. MRG cannot be certain that the Group will successfully compete for sales to industrial customers, distributors or retailers that purchase from larger competitors that have greater financial, managerial, sales and technical resources.

#### **6.2.7 Loss of organic certification and deterioration in the MRO brand**

The Group relies on independent certification, such as certifications of some of its products as "organic" to differentiate the Group's products from others. Quality control issues in respect of raw materials and ingredients may result in the loss of any independent certifications which could adversely affect the Group's market position as a certified organic and natural products company and result in a loss of consumer confidence in the brands of Murray River Organics. The Group is continually monitoring and auditing its operations to minimise such risks.

#### **6.2.8 Reduced ability to access raw ingredients**

MRG's ability to ensure a continuing supply of ingredients (including organic) not grown by the Group at competitive prices depends on many factors beyond the Group's control, such as the number and size of farms that grow organic crops, climate conditions, changes in national and world economic conditions, currency fluctuations and forecasting adequate need of seasonal ingredients.

For certain products, MRG also competes with other manufacturers in the procurement of organic product ingredients, which may be less plentiful in the open market than conventional product ingredients. This could cause the expenses of the Group to increase or could limit the amount of product that MRG is able to manufacture and sell. As the Group continues to rebuild relationships with suppliers and customers, some may no longer opt to trade with the Group, or reduce their level of custom with the Group.

The inability of any supplier of raw materials, or other service provider to MRG to deliver products or perform their obligations in a timely or cost-effective manner could cause the Group's operating costs to increase and profit margins to decrease. To the extent that suppliers choose not to maintain their organic certification, MRG's profit margins for these products may be less than anticipated.

There is a risk that the Group may fail to accurately forecast demand or suppliers may fail to meet the requirements of the Group.

This may result in the Group having inadequate supplies to meet consumer demand, or, alternatively the Group holding too much inventory on hand that may reach its expiration date and become unsaleable. If the Group is unable to manage its supply chain efficiently and ensure that sufficient products are available to meet consumer demand, the operating costs of the Group could increase and profit margins could decrease, which may have an adverse effect on the financial condition of MRG.

In addition, many aspects of the business of MRG have been, and may continue to be, directly affected by volatile commodity costs, that are subject to price volatility which can be caused by various factors, many of which are outside the control of MRG. If the Group is unable to fully offset the volatility of such costs, the financial results of the Group could be adversely affected.

#### **6.2.9 Adverse movement in exchange rate**

Murray River Organics is exposed to foreign exchange risk from the importation of commodities and export of produce to various customers. Unfavourable movements in the foreign exchange rates between the Australian dollar and other currencies such as the US dollar can have a material adverse impact on the overall financial performance of the Group. The Group hedges a proportion of anticipated purchase commitments and sale commitments denominated in foreign currencies to manage its exposure to foreign currency exchange rate fluctuations.

#### **6.2.10 Credit Risk**

MRG provides credit to some of its customers, usually no more than 30 days. Failure by customers to make repayments by the relevant due date and the resulting default that occurs could adversely impact MRG's financial performance and position.

#### **6.2.11 Dependence upon key personnel and other key contractors**

Murray River Organics' success depends to a significant extent on its ability to attract and retain suitably qualified key personnel. The loss of key management personnel, or any delay in their replacement could have a significant adverse effect on the management of the Murray River Organics and its financial performance. The Board has reviewed the organisational structure of the business and will continue to do so to ensure the best people are retained, whilst investing in developing other key people in the business.

#### **6.2.12 Market volume and price risk**

Volatility in volume and price of produce (dried vine fruit, citrus, table grapes & wine grapes) could have a positive or negative impact on MRG's earnings.

As a produce grower, MRG is exposed to fluctuations in the market prices particularly in conventionally grown fruit. Excess supply can cause price reduction in the produce markets in which the Company supplies. If overall industry yields, in categories in which MRG competes, are higher than expected, prices may fall and MRG's operating results are likely to be negatively impacted.

#### **6.2.13 Uncontracted sales arrangements**

MRG's growth is dependent on successfully maintaining existing and securing new customers. A significant proportion of MRG's revenue is currently attributable to uncontracted customer relationships, using MRG's or the customers' standard terms and conditions of sale. These arrangements can be terminated or varied by the customer on short notice and without penalty. In many instances, customers are under no obligation to continue purchasing MRG's products or to purchase a particular volume of products. There is a risk that the Group will be unable to maintain these customer relationships, or secure new customers on terms that are acceptable to the Group. In addition, it is not possible to guarantee consistency in respect of the volume, prices and terms for future transactions.

If MRG is unable to secure customers on terms reasonably acceptable to the Group, this could materially and adversely affect MRG's revenue and profitability. There is a risk that new customer relationships may be less favourable to MRG, including in relation to pricing and other key terms, due to unanticipated changes in the market in which the Group operates.

#### **6.2.14 Consolidation of customers**



Customers, such as supermarkets and food distributors in some of the geographical markets in which the Group sells products, continue to consolidate. This consolidation has produced larger, more sophisticated organisations with increased negotiating and buying power that are able to resist price increases or demand increased promotional programs, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, which could negatively impact the business and profitability of the Group. The consolidation of retail customers also increases the risk that a significant adverse impact on the business of those customers could have a corresponding material adverse impact on the business of MRG.

In addition, MRG depends on continued relationships with its current significant customers. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful.

#### **6.2.15 Loss or deterioration of supply arrangements**

MRG's relationships with suppliers are often governed by individual purchase orders and invoices. Under those arrangements, suppliers may seek to alter the terms on which products are supplied as well as the range of products available for supply. This may result in changes in pricing levels and a reduction in the range of products made available to MRG, both of which could adversely impact MRG's ability to successfully provide customers with a wide range of products at competitive prices. If this occurred, this would be likely to reduce MRG's overall profitability and adversely impact its financial performance.

#### **6.2.16 Operational Risk**

MRG is a complex business and faces a number of operational risks, including Fill Rate issues, crop health issues and management of out-of-stock produce.

Disease and insect infestation risks can impact the yield and quality of dried vine fruit. Lower quality fruit attracts significantly lower prices than premium or export quality. The farming nutrition program may also be adversely affected, including as a result of failure by operational staff to implement the nutrition program appropriately or due to adverse weather conditions, or not deliver results as expected.

Failure to manage stock levels to meet forecast Fill Rates and customer orders may adversely impact customer relationships, and in turn, may have an adverse impact on the Group's operations and financial performance.

#### **6.2.17 Failure to respond to changes in consumer trends**

The business of MRG is primarily focused on sales of organic, natural and 'better-for-you' products which are subject to continually evolving consumer preferences. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes.

A significant shift in consumer demand away from products of MRG or a failure by MRG to maintain its current market position could reduce sales or the value of its brands in those markets, which could adversely affect the business of the Group. While the Group continues to diversify product offerings, developing new products entails risks, and MRG cannot be certain that demand for the Group's products will continue at current levels or increase in the future.

#### **6.2.18 Product liability**

The sale of products for human use and consumption involves the risk of injury or illness to consumers. There is a risk that injuries may result from inadvertent mislabelling, tampering by unauthorized third parties or product contamination or spoilage. Under certain circumstances, MRG may be required to recall or withdraw products, suspend production of products or cease operations, which may lead to a material adverse effect on the business and profitability of the Group.

In addition, customers may cancel orders for such products as a result of such events. Further, even if a situation does not necessitate a recall or market withdrawal, product liability claims might be asserted against MRG.

#### **6.2.19 Regulatory risk**

The Group is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to the Group include environmental, occupational health and safety, quarantine, customs and tariff and taxation laws. Safety, employment and similar regulations give rise to significant requirements and compliance costs for the Group. In addition, as a public company listed on the ASX, the Company is required to comply with the Corporations Act and ASX Listing Rules. From time to time, this may result in investigations and disputes by Federal and State regulatory bodies, including ASIC, ASX, the Australian Taxation Office and the Fair Work Ombudsman. Non-compliance with such laws and regulations, or the introduction of new laws and regulations, may occur, which could have a material adverse impact on the Group's business, liabilities, financial condition, results, operations or liquidity.

#### **6.2.20 Interruption in disruption of or loss of operations at one or more of the Group's facilities**

An interruption in, disruption of or the loss of operations at one or more of these facilities could delay or postpone production of products, which could have a material adverse effect on the business, results of operations and financial condition of the Group until such time as the interruption of operations is resolved or an alternate source of production could be secured.

In addition, MRG must maintain and renew the appropriate permits and licenses required to operate its business. MRG is subject to regular inspections, examinations and audits by governmental authorities and licensing bodies. If serious or repeated findings of non-compliance did occur, there is a risk that this would have a negative impact on MRG's ability to renew its licenses and may have a materially adverse impact on its business operations and financial performance.

#### **6.2.21 Litigation and disputes**

There is a risk that MRG could be involved in litigation relating to its key contracts, core commercial activities, employee personal injury and termination of employment claims and, if such claims were to materially increase, costs to the business would increase in turn. Such increases may have a negative impact on the profitability and financial performance of the Company.

Similarly, frequent or high profile litigation may undermine consumer confidence in the MRO brand or adversely affect the investment market's perception of MRG, which could in turn, negatively impact the financial performance of the Company or the price of Shares in the Company.

## 6.3 General risks of an investment in MRG

### 6.3.1 Price of Shares

As a publicly listed company on the ASX, the Company is subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by MRG's fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the New Shares will increase following Completion of the Offer, even if MRG's earnings increase.

Some of the factors which may adversely impact the price of the Shares include:

- fluctuations in the domestic and international market for listed securities;
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings;
- changes in legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which MRG operates; and
- general operational and business risks.

### 6.3.2 Trading and Liquidity in Shares

Even though the New Shares are to be quoted on the ASX, there can be no guarantee of an active trading market for such Shares or that the price of those Shares will increase following Completion of the Offer. There may be relatively few potential buyers or sellers of these Shares on the ASX at any given time. This may increase the volatility of the market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their New Shares and any Additional New Shares under the Entitlement Offer.

The Shares of the Company have been suspended from quotation on the ASX since 3 December 2019 and accordingly have not been able to be traded on the ASX since that date. The Company intends to request that its Shares are reinstated to quotation on completion of the Entitlement Offer. Even if the Shares are reinstated to quotation there can be no guarantee that an active market will develop or the price of the Shares will increase. There may be relatively few potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of the Shares and may prevent Shareholders from acquiring more Shares or disposing of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares.

### 6.3.3 Shareholder dilution

In the future, the Company may elect to issue Shares or engage in capital raisings to facilitate employee share plans, fund acquisitions or the turnaround strategy, or undertake other strategic initiatives. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

### 6.3.4 Inability to pay dividends or make other distributions or potential for dividends paid not to be franked or attach conduit foreign income

The Company's dividend policy will be at the discretion of the Company's Board and may change over time. Decisions relating to dividend policy post the Entitlement Offer will depend on the Company's market situation

and strategy for its businesses.

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, free cash flow generation, profit generation and availability of franking credits.

To the extent that the Company pays any dividends, the Company may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income.

Alternatively, the franking system and/or the conduit foreign income system may be subject to review or reform. The extent to which a dividend can be franked will depend on the Group's franking account balance and its level of distributable profits. The Group's franking account balance is contingent on the Group making Australian taxable profits and will depend on the amount of Australian income tax paid by the Group on those Australian taxable profits. The Group's Australian taxable profits may be volatile, making the payment of franked dividends unpredictable. As the Group continues to expand its overseas operations, this may or is likely to reduce the Australian income tax paid on the Group's income and profits, which may reduce the Company's ability to frank dividends.

The Group has also previously received R&D tax offset refunds. Where such refunds are obtained, subsequent payments of income tax (up to the amount of the refunds) by the entity that obtained the refunds do not create franking credits. This is commonly termed the 'deferred franking debit' in respect of R&D offset refunds. The 'deferred franking debit' may impact the Group's ability to frank dividends. The quantum of the 'deferred franking debit' that may impact the Group's ability to frank dividends (after reducing the debit for certain income tax paid or payable by the Group as at the date of the Entitlement Offer) is estimated to be approximately \$1.2 million.

The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the Group's conduit foreign income balance and its level of distributable profits. The Group's conduit foreign income balance will depend, among other things, on the structure of the Group's foreign operations and the level of non-Australian income tax paid by the Group on those operations.

The value and/or availability of franking credits and conduit foreign income to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.

### **6.3.5 Tax law and application**

The application of and changes in relevant tax laws (including income tax, goods and services taxes (or equivalent) and stamp duties), or changes in the way tax laws are interpreted, may impact the Group's tax liabilities and financial performance or the tax treatment of a Shareholder's investment. An example of such a tax change that could have an adverse impact on the financial performance of the Group is if GST was widened to include fresh produce.

An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's or the Group's view of those laws may increase the amount of tax paid or payable by the Company or the Group.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries relevant to Group's business or operations) and/ or any changes in tax rules and tax arrangements (again in Australia or other countries relevant to the Group's business or operations) may have an adverse impact on the Group's financial performance, may increase the amount of tax paid or payable by the Group, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking/conduit foreign income and Shareholder returns.

#### **6.3.6 Recent and further possible changes in Australian Accounting Standards**

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of the Company and its Directors. The AASB has recently issued new standards and interpretations including AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, which have applied mandatorily from 1 January 2018, and AASB 16 Leases, which has applied mandatorily from 1 January 2019. The impact of these recently issued new standards and interpretations are reflected in the Historical Financial Information and Pro Forma Historical Financial Information disclosed in Section 5.

Other than those disclosed in the Company's annual financial report for the year ended 30 June 2019, there are no Australian Accounting Standards or interpretations issued but not yet effective that are expected to have a material impact on the financial position or performance of the Company. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the consolidated financial statements of MRG.

The annual financial report of Murray River Organics for the year ended 30 June 2019 is available from Murray River Organics' website ([www.murrayriverorganicsinvestors.com.au](http://www.murrayriverorganicsinvestors.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

#### **6.3.7 Possibility of force majeure events**

Events may occur within or outside Australia that could impact upon the Australian economy, MRG's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for MRG's products and its ability to conduct business.

# **7.**

## **Key people, interests & benefits.**

## 7 Key people, interests and benefits

### 7.1 Board of Directors

The Board of Directors comprises of four members, consisting of the Independent Non-Executive Chairman, two Independent Non-Executive Directors and the Managing Director. The Directors of the Company bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.



**Andrew Monk**  
**Non-Executive Director and  
Chairman of the Board**

Andrew Monk was elected to the Board and was appointed as Chairman of the Company in January 2018.

Andrew is past Chairman of Australian Organic Ltd, a for-purpose peak representative industry services group with a network of over 2,000 organic food and farming licensees while currently Chairman and shareholder of public pharmaceutical sector company Xerion Ltd and Australian energy company Enervest Pty Ltd.

Andrew has also owned and managed organic SMEs in horticulture, food processing and waste management, while having extensive technical experience in organic regulations and intimate working knowledge of the multi-sector organic agri-food industry domestically and internationally.

Andrew is an Adjunct Associate Professor at UNE Armidale Australian Centre for AgLaw; holds a BSc from the University of Melbourne; a PhD focused on organic agricultural and government policy from the University of Wollongong; and is a graduate of the Australian Institute of Company Directors.





**Valentina Tripp**  
**Managing Director & CEO**

Valentina Tripp was appointed Managing Director and CEO of the Company in April 2018.

Valentina is an accomplished executive with extensive experience and a track record of success in turnarounds and growing business in FMCG, agribusiness and retail across Asia and global markets.

Prior to joining MRG, Valentina was Executive Director – Business Transformation / Corporate Development of Simplot Australia, and Executive Director, Top Cut Group (a wholly owned subsidiary of JR Simplot Company USA) where she led the turnaround, repositioning and growth of the meat distribution business in Australia, China, Japan and Korea, together with resetting the future strategy for Simplot as the leading FMCG and agribusiness in Australia. Prior to Simplot, Valentina was Senior Director with KPMG leading transformation, strategy, customer growth, supply chain, operational and financial turnarounds. Valentina led KPMG's Retail, Consumer and Industrial sectors for the Consulting Business.

Valentina is also a Non-Executive Director of Marine Stewardship Council International (UK) and was previously a Non-Executive Director at Capilano Honey Limited, the Non-Executive Chairman of Fairtrade Australia & New Zealand and a Board Director of Fairtrade International based in Bonn, Germany.




	<p>She holds a Master of Business Administration (Mt Eliza/ Melbourne Business School/ University of Queensland), Bachelor of Commerce (University of Melbourne), is a Certified Practicing Accountant and is a member of the Australian Institute of Company Directors.</p>
 <p><b>Michael Porter</b> <b>Non-Executive Director</b></p>	<p>Michael was appointed as a Non-Executive Director of the Company in April 2018.</p> <p>Michael has extensive experience in the Agricultural sector, including as CEO of SQP Co-operative for almost four years. He owns dry land farming interests in Victoria's Western District near Ballarat and has a particular interest in soil re-generation and making the best use of our limited resources, such as water. Before working for SQP, Michael held senior management roles within a number of ASX listed companies, including Tox Free Solutions.</p> <p>Michael is currently a Non-Executive Director of Angel Seafood Holdings Ltd (having previously served as Chairman), a Board Member of the Wimmera Catchment Management Authority (a Victorian State Government appointment), and was a past member of the Audit Advisory Committee for the City of Ballarat.</p> <p>Michael is also an Active Reservist where he holds the rank of Commander in the Royal Australian Naval Reserve.</p> <p>Michael holds a Bachelor of Business Studies from Massey University (NZ) with a Major in Enterprise Development, a post Graduate Qualification in Change Management and is a Graduate of the Australian Institute of Company Directors.</p>
 <p><b>Tony Dynon</b> <b>Non-Executive Director and Chair of Audit and Risk Committee</b></p>	<p>Tony has extensive leadership and finance experience gained largely in food, beverage and stockfeed businesses with senior roles in international and ASX listed companies.</p> <p>Tony had a 20 year career with the international food company H J Heinz, where he was Chief Financial Officer for Heinz Australia for 6 years and then Joint Managing Director for his last 3 years. He was also Managing Director of Farm Pride Foods Ltd and Executive Chairman of Palm Springs Ltd both ASX listed companies.</p> <p>Tony has had leadership roles in privately owned stockfeed businesses based in Australia, New Zealand and the UK.</p> <p>Tony was also a non-executive director for ASX listed Colorpak Ltd and is currently a non-executive director of ASX listed Huon Aquaculture Group Ltd. Tony is qualified as a Certified Practising Accountant (CPA).</p>


As at the date of this Prospectus, each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.



## 7.2 Key Management Personnel and Management

The experience of some of the key members of the Management Team is summarised below.

 <p><b>Valentina Tripp</b> <b>Managing Director and CEO</b></p>	<p>Refer to Section 7.1.</p>
 <p><b>Albert Zago</b> <b>Chief Financial Officer</b></p>	<p>Albert Zago was appointed Chief Financial Officer of MRG in January 2018.</p> <p>Albert is a qualified Chartered Accountant with over 30 years finance and business management experience in FMCG, retail, distribution and manufacturing operations.</p> <p>Albert is an experienced leader in challenging customer focus and changing/complex environments, where operations are in need of pro-active transformation, whilst executing growth strategies.</p> <p>Prior to joining MRG, Albert held various senior executive positions in ASX listed and unlisted public companies such as Mitre 10 Australia Ltd and GUD Holdings Ltd and most recently was Chief Financial Officer of Pental Ltd, and spent a decade at PriceWaterhouseCoopers and Hall Chadwick in audit and business management roles.</p> <p>Albert is leading the transformation of our finance and governance functions to enable accurate, reliable and timely information enabling strategic decision support and execution of the Company's strategic growth objectives.</p>
	<p>Peter brings over 20 years' experience in strategy, operations and turnarounds having worked with large multinationals and growth SME's across FMCG, transport and manufacturing. His experience includes operating in Australia, China, UK, Mexico and other international markets and a proven track record in value creation.</p> <p>Most recently Peter was with Simplot as Head of Sales &amp; Business Transformation, prior to this he led the Six Sigma Business Improvement Program at Asciano Limited and was also an Associate Director KPMG's Transactions/M&amp;A practice leading operational and strategic due diligence, synergy analysis, cost reduction and integration programs.</p> <p>Peter has also held GM and COO roles in manufacturing and technology businesses. Peter is fluent in German, Spanish, holds an MBA from Melbourne Business School and a Biochemical Engineering degree in Food Technology</p>

<p><b>Peter Wolff</b></p> <p><b>Head of Strategic Sourcing &amp; Ingredients</b></p>	<p>&amp; Processing from Tecnológico de Monterrey University in Mexico.</p> <p>Peter is leading the establishment of MRG's Ingredients business as well as global strategic sourcing.</p>
 <p><b>Tara Lordsmith</b></p> <p><b>General Manager, Sales &amp; Marketing</b></p>	<p>Tara is regarded as one of Australia's leading marketers with a strong background in growing food and beverage businesses. Her experience includes senior marketing leadership roles at Cadbury, Schweppes, Simplot, Myer, Tabcorp and IAG. She also has provided outsourced marketing support and consultancy services.</p> <p>As an executive, marketer and product leader, she has raised and deployed billions of dollars to realise the potential of current and new brands.</p> <p>She is Chair for the Deakin Marketing Advisory Board, previous board member for Australian Marketing Institute (AMI) and co-founder of CMOCollective.com which brings CMO's together to share insights, manage change and improve commercial performance.</p> <p>As General Manager Sales &amp; Marketing and Chief Marketing Officer, Tara is leading the new product portfolio development and new brand launch into mainstream large-scale retail.</p>
 <p><b>Peter York</b></p> <p><b>General Manager, National Operations</b></p>	<p>Peter brings over 30 years' experience in food manufacturing, agriculture and farming operational turnarounds across Australia, NZ and UK.</p> <p>Most Recently Peter was the General Manager – Operations Development. Peter played a lead role in the transformation of Simplot's Vegetable businesses in NSW and Tasmania, working closely with Agronomists, Manufacturing and the Commercial teams to rebuild plant operations and alignment with farming operations.</p> <p>Peter brings extensive agricultural, quality and technical engineering knowledge and has held General Management and senior leadership roles with Simplot, Beak &amp; Johnson, Kailis &amp; France and Sun Valley Poultry. Peter holds a Bachelor of Science (Honors) in Food Technology from Reading University, England.</p> <p>Peter leads our Dandenong and Mourquong Manufacturing Plants and Distribution sites and is focused on further developing our customer-focused, efficient operating model to enable us to achieve the Company's strategic growth objectives.</p>



**Tim Wilson**

**Head of Quality, Research & Sustainability**

Tim Wilson started with MRG in December 2016. He is an experienced Food Technologist bringing 15 years food industry; having held various technical and quality management positions in the UK and Australia. His experience includes management of compliance to various global organic standard including developing the first multi ingredient products in the UK to be certified to the Chinese Organic Standard.

After beginning his career in the dairy industry at Yeo Valley, the largest Organic dairy in the UK; Tim moved into the baby food category where, as a Food Technologist, he was responsible for the ingredient technical sourcing strategy for Organix Brands Ltd, the market leading Organic baby food brand in the UK and part of the Hero Group; a global infant nutrition business.

Tim studied Food Technology & Nutrition at the University of Chester and is a Member of the Australian Institute of Food Science and Technology. He is a strong advocate of the organic food industry and its wide-ranging benefits.



**Stuart McNab**

**General Manager – Agriculture**

Stuart brings over 25 years' executive experience across all areas of the viticulture, large scale corporate farming systems and global supply chain management.

He was previously the Chief Supply Officer at Treasury Wine Estate, managing Global Wine Production and has direct experience across the whole of supply chain from growers, company vineyards, winemaking, packaging and logistics, through to customer service procurement and brand management. Stuart has directly managed vineyards and overviewed management of 13,000 Ha of vineyards globally.

Prior to this, Stuart was the Director of Wine Production for Fosters Group, Australia and New Zealand, managing growers, vineyards, packaging and domestic and export logistics.

Stuart holds a Bachelor of Agricultural Science (hons) and a PhD in Agricultural Science from the University of Melbourne.



**Rania Haidar**

Rania brings over 20 years' experience specialising in Talent management & attraction, people capability development, cultural enhancement, and operational execution. Commercial and strategic in her approach she has a proven track record in business partnering with, and consulting to, strategic executives and leadership teams to deliver outstanding business results.

As Head of People & Culture, Rania leads our people and capability transformation agenda across the whole business.

<b>Head of People &amp; Culture</b>	
-------------------------------------	--

## 7.3 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Entitlement Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- Underwriters to the Entitlement Offer,

holds at the date of this Prospectus, or has held in the two years before the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Entitlement Offer; or
- the Entitlement Offer or any component of it,

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Entitlement Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

### 7.3.1 Director interests and remuneration

#### 7.3.1.1 *Managing Director and CEO*

Valentina Tripp is employed in the position of Managing Director and CEO under an employment contract with the Company.

Valentina's annual remuneration package comprises a base salary of \$500,000 per annum (including superannuation) and an incentive payment of up to \$300,000 per annum received in accordance with the terms of the Company's STI Plan (refer to Section 7.3.3.3).

Valentina is also entitled to participate in the Company's LTI Plan (refer to Section 7.3.3.1).

Valentina's employment may be terminated by either Valentina or the Company by providing 6 months' written notice before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion.

The Company may also terminate the employment of Valentina summarily in certain circumstances (without notice) if without limitation, she is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Valentina's employment also contains a restraint of trade period of up to 6 months from the date of termination of her employment. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.

### 7.3.1.2 *Non-Executive Directors' remuneration*

The Board of Directors decides the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting (or, until so determined, as the Board determines). This amount has been fixed by the Board at \$500,000 per annum and any change to the aggregate sum will need to be approved in a general meeting of Shareholders.

Annual Directors' fees agreed to be paid by the Company for FY2020 are \$120,000 to the Chairman (inclusive of fees in respect of service on the various Committees), plus superannuation at 9.5% of that fee. Annual Directors' fees agreed to be paid by the Company for FY2020 are \$70,000 to each Non-Executive Director, plus superannuation at 9.5% of those fees. In addition, the Chair of the Audit and Risk Management Committee and the Chair of the Remuneration and Nomination Committee will be paid \$10,000 per annum each. The Directors' fees do not include a commission on, or a percentage of, profits or income.

### 7.3.1.3 *Directors' interests in securities of the Company*

Set out below are the details of the interests of the Directors in the securities of the Company immediately prior to lodgement of this Prospectus.

Director	Shareholding (as at the date of this Prospectus)	Performance Rights	Options
Andrew Monk*	1,535,333	-	1,000,000
Valentina Tripp**	2,200,000	2,325,451	18,000,000
Michael Porter***	1,400,000	-	1,000,000
Tony Dynon	-	-	-

\*Andrew Monk's interest is held indirectly via Cool-Chain (Aust) Pty Ltd atf Monks A/C and Cool-Chain (Aust) Pty Ltd atf MFT A/C, each of which Andrew Monk is a beneficiary.

\*\*Valentina Tripp's interest is held indirectly via Melbourne Management Group Pty Ltd atf Melbourne Manage Group A/C, of which Valentina Tripp is a beneficiary.

\*\*\* Michael Porter's interest is held jointly with his wife, Patricia Porter.

### 7.3.1.4 *Director entitlement commitment*

The number of New Shares that the Directors' have each committed to subscribe for pursuant to their respective Entitlements are detailed below.

Director	Shareholding (as at the date of this Prospectus)  (number of Shares)	Entitlements committed to take-up  (number of New Shares)
Andrew Monk	1,535,333	2,000,000
Valentina Tripp	2,200,000	-
Michael Porter	1,400,000	-
Tony Dynon	-	-

### 7.3.2 Key Management Personnel's Remuneration

#### 7.3.2.1 Managing Director

See Section 7.3.1.1 above.

#### 7.3.2.2 Chief Financial Officer

Albert Zago is employed in the position of Chief Financial Officer under an employment contract with the Company.

Albert's annual remuneration package comprises a base salary of \$310,000 per annum (including superannuation) and an incentive payment of up to 25% of Albert's total remuneration (base salary plus superannuation) per annum received in accordance with the terms of the Company's STI Plan (refer to Section 7.3.3.3).

Albert is also entitled to participate in the Company's LTI Plan (refer to Section 7.3.3.1).

Albert's employment may be terminated by either Albert or the Company by providing 4 months' written notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion.

The Company can also terminate the employment of Albert summarily in certain circumstances (without notice) if without limitation, he is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Albert's employment also contains a restraint of trade period of up to 12 months from the date of termination of his employment. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.

### 7.3.3 Employee Incentive Arrangements

#### 7.3.3.1 Long Term Incentive Plan

The LTI Plan offers eligible employees (including executives) selected by the Board rights to subscribe for, or be granted, Performance Rights.



The invitations issued to eligible employees will include information such as performance conditions and any trading restrictions on dealing with Shares allocated on vesting or exercise of a Performance Right. Upon acceptance of an invitation, the Directors will grant Performance Rights in the name of the eligible employee or their nominee (as permitted by the terms of the LTI Plan). On vesting, one Performance Right is exercisable into or entitles the holder to one Share. Participants in the LTI Plan will not pay any consideration for the grant of the Performance Rights.

Performance Rights will not be listed on ASX and may not be transferred, assigned or otherwise dealt with except with the approval of the Directors (or by force of law upon death due to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy).

Performance Rights will only vest where the performance conditions and any other relevant conditions advised have been satisfied unless otherwise determined by the Board. An unvested Performance Right will lapse in certain circumstances, including where performance conditions are not satisfied within the relevant time period, where the participant deals with the Performance Right in breach of the rules of the LTI Plan or where, in the opinion of the Board, a participant has acted fraudulently or dishonestly.

If a participant's employment or engagement with the Company (or its subsidiaries) terminates before the Performance Rights have vested, the Performance Rights will lapse, unless the invitation provides otherwise, or the Board resolves otherwise.

Where there is a takeover bid made for Shares in the Company, the Directors may determine that all or part of the participant's unvested Performance Rights, will become vested Performance Rights.

If there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan in accordance with the provisions of the ASX Listing Rules. The Board does not intend to exercise its discretion to make any such adjustments in respect of the Performance Rights currently on issue.

A Performance Right issued pursuant to the LTI Plan does not entitle its holder to dividends nor rights to vote at meetings of shareholders of the Company until that Performance Right is exercised and the participant is a holder of a valid Share in the Company.

Shares acquired on vesting of the Performance Rights will upon allotment rank equally in all respects with other Shares and the Company will apply to ASX for quotation of the relevant Shares. No performance right or Share may be offered under the LTI Plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.



### **7.3.3.2 FY2020 LTI Plan**

The Company has established various incentive arrangements to assist in the attraction, retention and motivation of its Key Management Personnel and Management, as set out below.

The annual remuneration package of the Managing Director and CEO, and Chief Financial Officer, is comprised of a base salary, a cash-based short term incentive under the STI Plan and participation in the LTI Plan.

In conjunction with the capital raise dated 24 October 2018 the Board reinstated the Group's LTI Plan with new vesting conditions. The LTI Plan offers eligible employees (including KMP executives) selected by the Board rights to subscribe for, or be granted, Performance Rights.

In FY2019 Performance Rights were granted to Valentina Tripp and Albert Zago under the FY2019 LTI Plan at nil consideration and vest 3 years from the date of grant, provided that the relevant employee is still employed by the Group at that time and subject to performance related vesting conditions.

In FY2020 and beyond, the Board will consider extending the LTI plan to other senior employees of the Group. An overview of the LTI plan is set out above at Section 7.3.3.1.

### **7.3.3.3 Short Term Incentive Plan**

For FY2020, Valentina Tripp, Albert Zago and certain other employees as determined by the Board are entitled to participate in a cash-based STI Plan under the terms of their employment contracts, and in accordance with the terms of the STI Plan in place for FY2020. The maximum amount that an Executive KMP is entitled to under the STI Plan is as follows:

- in respect of Valentina Tripp, up to 60% of Valentina's remuneration (base salary plus superannuation); and
- in respect of Albert Zago, up to 25% of Albert's total remuneration (base salary plus superannuation).

#### 7.3.4 Interests of advisers

MRG has engaged the following professional advisers in relation to the Entitlement Offer:

- Canaccord Genuity (Australia) Limited has acted as Underwriter and Joint Lead Manager to the Entitlement Offer. MRG has paid, or agreed to pay, the Underwriters the fees described in Section 8.5 for these services;
- Shaw and Partners Limited has acted as Underwriter and Joint Lead Manager to the Entitlement Offer. MRG has paid, or agreed to pay, the Underwriters the fees described in Section 8.5 for these services;
- Clayton Utz has acted as Australian legal adviser in relation to the Entitlement Offer. MRG has paid, or agreed to pay, approximately \$240,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges;
- EM Advisory has acted as financial advisor in relation to the Entitlement Offer. MRG has paid, or agreed to pay, approximately \$140,000 (excluding disbursements and GST) for these services up until the date of this Prospectus;
- Ernst & Young has provided financial due diligence and advice on the tax implications for Australian tax residents in connection with the Entitlement Offer. MRG has paid, or agreed to pay, approximately \$96,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges; and
- Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report in connection with the Entitlement Offer. MRG has paid, or agreed to pay, approximately \$10,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited in accordance with its normal time-based charges.

The Underwriters or its affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Underwriters and its affiliates may act as a market maker or buy or sell securities issued by the Company or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

# **8. Additional Information.**

## 8 Additional Information

### 8.1 Nature of this Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, which allows the issue of a more concise prospectus for offers of:

- continuously quoted securities (as that term is defined in the Corporations Act); and
- options over such continuously quoted securities.

Shares in the Company have been continuously quoted by ASX for the 3 months prior to the date of this Prospectus, and no exemption, modification, declaration or order under section 111AS or 111AT, paragraph 741(1)(a), paragraph 741(1)(b) or section 340 or 341 of the Corporations Act covered the Company, or any person as director or auditor of the Company in the 12 months prior to the date of this Prospectus. As such, Shares in the Company are continuously quoted securities.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and the information that investors and their advisers would reasonably require to make an informed assessment of:

- the effect of the Entitlement Offer on the Company; and
- the rights and liabilities attaching to the New Shares.

This Prospectus contains this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all the information that would be included in an initial public offering prospectus.

Since listing, the Company has provided ASX with information regarding its activities. That information is publicly available. Shareholders and other investors should read this Prospectus in conjunction with that publicly available information before making an investment decision.

No party other than the Company has authorised or caused the issue of this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

### 8.2 Reporting and disclosure obligations

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at [www.asx.com.au](http://www.asx.com.au).

### 8.3 Availability of other documents

ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements are available on ASX's website ([www.asx.com.au](http://www.asx.com.au)) or the Company's website ([www.murrayriverorganics.com.au](http://www.murrayriverorganics.com.au)).

In addition, ASIC also maintains records in respect of documents lodged with it by the Company. Copies of documents lodged with ASIC in relation to MRG may be obtained from or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents free of charge to any person who requests a copy during the Entitlement Offer period:

- MRG's annual financial report for the year ending 30 June 2019 (**FY2019 Annual Report**); and
- any continuous disclosure notice given by the Company to ASX (being any document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the Listing Rules and the Corporations Act) after lodgement of the annual financial report referred to above and before the lodgement of the copy of this Prospectus with ASIC. Details of these notices are as follows:

<b>Date</b>	<b>Announcement</b>
04/02/2020	Cancellation of Options
31/01/2020	Update on Harvest
29/01/2020	MRG Capital Management Initiatives - ongoing discussions
21/01/2020	Resignation of Director (App 3Z)
27/12/2019	MRG reaches agreement with NAB
24/12/2019	Whistleblower Policy
20/12/2019	Capital management initiatives - Ongoing discussions
11/12/2019	MRG to exit Colignan property Lease
10/12/2019	Capital management initiatives - Ongoing discussions
04/12/2019	Constitution
03/12/2019	Suspension from Official Quotation
29/11/2019	Trading Halt
29/11/2019	Pause in Trading
28/11/2019	MRG sows first edible organic hemp crop
21/11/2019	Results of AGM
21/11/2019	Chairman's Address to AGM
21/11/2019	AGM Presentation
21/11/2019	Farms, Operations and Guidance Update
06/11/2019	MRG records 27% increase in exports
31/10/2019	Grower Pricing Update
31/10/2019	DFA Grower Forum Presentation

## 8.4 Rights and liabilities attaching to New Shares and ranking of New Shares

There is presently only one class of share in the Company: **fully paid ordinary shares**. New Shares will be fully paid and rank equally in all respects with existing Shares. The Entitlement and liabilities attaching to fully paid ordinary shares in the Company (i.e. Shares and New Shares) are:

- set out in the Company's Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

The following is a summary of the significant Entitlement attaching to the New Shares. This summary is not exhaustive nor does it constitute a definitive statement of all Entitlement and liabilities of Shareholders.

### 8.4.1 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each fully paid Share held.

### 8.4.2 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

### 8.4.3 Dividends

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Constitution, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlement to the dividend and the time and the method of payment of the dividend.

### 8.4.4 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

### 8.4.5 Issue of further Shares

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any Entitlement and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

#### **8.4.6 Winding up**

Subject to the Constitution, the Corporations Act and any special resolution or preferential Entitlement or restrictions attached to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

#### **8.4.7 Unmarketable parcels**

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

#### **8.4.8 Share buy-backs**

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

#### **8.4.9 Proportional takeover provisions**

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

#### **8.4.10 Variation of class rights**

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

#### **8.4.11 Directors - appointment and removal**

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum may not be more than ten. Directors are elected at general meetings of the Company.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Retirement will occur on a rotational basis so that any Director who has held office for three or more years, or three or more annual general meetings, (excluding any Managing Director) retires at each annual general meeting of the Company.

#### **8.4.12 Directors - voting**

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote.

#### **8.4.13 Directors - remuneration**

The Directors, other than the executive Directors, shall be paid by way of fees for services, with the maximum aggregate sum approved from time to time by the Company in a general meeting or, until so determined, as the Board determines. The current maximum aggregate sum approved by the Board is \$500,000. Any change to that maximum aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of the Company. Subject to the Corporations Act and the Constitution, remuneration of executive Directors shall be the amount that the Board decides.

#### **8.4.14 Directors - powers and duties**

The Directors have the power to manage the business of the Company and may exercise all powers which are not expressly required by law, the ASX Listing Rules or the Constitution to be exercised by the Company in a general meeting.

#### **8.4.15 Indemnities**

The Company, to the extent permitted by law, indemnifies each of its Directors and company secretaries (past and present) against any liability incurred by that person as an officer of the Company or one of its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director or company secretary of the Company or its subsidiaries against any liability incurred by such person as an officer of the Company or its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of the Company or its subsidiaries, under which the Company must do all or any of the following:

- keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability and certain legal costs incurred by that person (on a solicitor-and-client basis);
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of certain legal costs incurred by that person (on a solicitor-and-client basis); and
- keep that person insured in respect of any act or omission by that person while an officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

#### **8.4.16 Alteration of Constitution**

The Constitution can only be amended by special resolution passed by at least three-quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.



## 8.5 Underwriting Agreement

The Company has entered into an Underwriting Agreement with the Underwriters, who have agreed to fully underwrite the Entitlement Offer on the terms and conditions set out in the Underwriting Agreement. The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement. The following is a summary of the principal provisions of the Underwriting Agreement.

### 8.5.1 Commissions, fees and expenses

The Company has agreed to pay to the Underwriters:

- a management fee of 3.0% of the proceeds of the Entitlement Offer;
- an underwriting fee of 2.0% of the proceeds of the Entitlement Offer,

(Fees).

The Company has also paid to the Underwriters an aggregate retainer fee of \$50,000, however, the Fees to be payable on Completion of the Offer shall be reduced by an amount equal to the retainer fee.

### 8.5.2 Termination events

If any of the following events occur at any time from the date of execution of the Underwriting Agreement until Completion of the Entitlement Offer, (or such earlier time as specified below), an Underwriter may, by notice given to the Company, terminate its obligations under the Underwriting Agreement:

- (listing)
  - the Company ceases to be admitted to the official list of ASX;
  - the Shares cease to be officially quoted on ASX;
  - ASX makes any official statement to any person, or indicates to the Company or the Underwriters that official quotation on ASX of the New Shares offered under the Entitlement Offer will not be granted; or
  - approval is not granted to the official quotation of New Shares offered under the Entitlement Offer on or before the dates referred to in the timetable for the Entitlement Offer, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- (notifications) ASIC:
  - applies for an order under Part 9.5 of the Corporations Act, in relation to the Entitlement Offer or the Prospectus;
  - holds, or gives notice of intention to hold, a hearing or investigation in relation to the Entitlement Offer or the Prospectus;
  - commences an examination of any person or requires any person to produce documents arising out of or in connection with the Entitlement Offer or the Company under sections 19 or 30 to 33 of the Australian Securities and Investments Commission Act;
  - prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, the Company,

and the matter has not been withdrawn within 3 Business Days of receipt, or by the settlement date under the Institutional Entitlement Offer (**Institutional Settlement Date**) if arising within that period, or the settlement date under the Retail Entitlement Offer (**Retail Settlement Date**) if arising after the Institutional Settlement Date and within that period;

- (timetable) any event specified in the Underwriting Agreement (including the timetable) to occur before the Institutional Issue Date, or on the Institutional Issue Date, is delayed by more than two Business Days or an event specified in the Underwriting Agreement (including the timetable) to occur after the Institutional Issue Date is delayed by more than three Business Days, in any such case, without the prior written consent of the Underwriters;

- **(withdrawal)** the Company withdraws an offer document (as that term is defined under the Underwriting Agreement (**Offer Document**)) or the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer;
- **(unable to issue)** the Company is prevented from granting the Entitlements or issuing New Shares or Additional New Shares under the Entitlement Offer in accordance with Listing Rules, applicable laws, a government agency or an order of a court of competent jurisdiction;
- **(prosecution)** any of the following occur:
  - a director of the Company is charged with an indictable offence;
  - any government agency commences any public proceedings against the Company or any of the Directors in their capacity as a director of the Company, or announces that it intends to take such action; or
  - any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- **(fraud)** a director, CEO or CFO of the Company or the Company is charged in relation to fraudulent conduct, whether or not in connection with the Entitlement Offer;
- **(Insolvency)** the Company or any of its subsidiaries is or becomes insolvent;
- **(force majeure)** there is an event or occurrence, including an official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Underwriters to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer;
- **(market fall)** the ASX/S&P 300 Index falls to a level that is 10% or more below its level at market close on the Business Day immediately preceding the date of the Underwriting Agreement and is at or below that level at the close of trading:
  - for 2 consecutive Business Days during any time after the date of the Underwriting Agreement until Completion of the Offer; or
  - on the Business Day immediately prior to the Institutional Settlement Date or the Retail Settlement Date;
- **(Valentina Tripp)** ceases to be employed by the Company for any reason or has given or received notice of termination or is on a period of gardening leave after which employment will end; or
- **(consent)** any person other than the Underwriters who has previously consented to the inclusion of its name in the Prospectus withdraws that consent.

### 8.5.3 Termination events subject to materiality

An Underwriter may terminate the Underwriting Agreement, by notice to the Company, at any time after the date of the Underwriting Agreement until Completion of the Offer (or such earlier time as specified below) if any of the following events occur and, in the reasonable opinion of the Underwriter, the event: (i) has had, or could reasonably be expected to have a material adverse effect on the outcome of the Entitlement Offer or the likely trading price of Shares, or the ability of the Underwriters to market or promote or settle the Entitlement Offer; or (ii) give rise to a contravention by the Underwriters of, or liability for the Underwriters under, the Corporations Act or any applicable laws:

- **(Prospectus and public information):**
  - the Prospectus or other specified public information issued by the Company in relation to the Entitlement Offer, or any statement, report, representation, matter or thing contained therein is or becomes misleading or deceptive or is likely to mislead or deceive; or
  - there is an omission from the Prospectus of material required to be included by the Corporations Act or any other applicable law;
- **(new circumstance)** a new circumstance arises which is a matter adverse to investors in New Shares or Additional New Shares under the Entitlement Offer and which would have been required by the Corporations Act to be included in the Prospectus had the new circumstance arisen before the Prospectus was given to ASX;
- **(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and each of its subsidiaries, from the position most recently disclosed to ASX by the Company before the date of the Underwriting Agreement, or otherwise fairly disclosed to the Underwriters prior to entry into the Underwriting Agreement;

- **(future matters)** any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in the Prospectus is or becomes incapable of being met or, in the reasonable opinion of the Underwriters, unlikely to be met in the projected timeframe;
- **(changes to the Company)** the Company:
  - varies any term of the Constitution; or
  - disposes, attempts or agrees to dispose of a substantial part of the business or property of the Company (including any material subsidiary),
 without the prior written consent of the Underwriters;
- **(default)** a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;
- **(representations and warranties)** a representation and warranty contained in the Underwriting Agreement on the part of the Company was or is not true or correct or becomes untrue or incorrect;
- **(certificate)** a statement in a certificate delivered by the Company in accordance with the Underwriting Agreement is untrue or incorrect, or misleading or deceptive or contains omissions of any required information, or the Company fails to provide a certificate when required to do so under the Underwriting Agreement;
- **(information)** the report of the due diligence committee formed by the Company in connection with the Entitlement Offer is false, misleading or deceptive or likely to mislead or deceive (including by omission);
- **(disruption in financial markets)** any of the following occurs:
  - a general moratorium on commercial banking activities in Australia the United States of America, the United Kingdom, Hong Kong, Singapore, the People's Republic of China or Japan is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for more than 1 trading day;
- **(change of law)** there is introduced or there is a public announcement of a proposal to introduce:
  - into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority or Government Agency, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement); or
  - into the laws of the United States of America, the United Kingdom, Hong Kong, Japan or the People's Republic of China a new law or a proposal to adopt a new law,
 any of which does or is likely to prohibit or adversely affect the regulation of the Company or the Entitlement Offer, capital issues or stock markets or affects the taxation treatment of the New Shares or Additional New Shares;
- **(hostilities)** in respect of or involving any one or more of Australia, the United States of America, Hong Kong, the United Kingdom, Japan or the People's Republic of China:
  - hostilities not presently existing commence;
  - a major escalation in existing hostilities occurs;
  - a declaration is made of a national emergency or war; or
  - a terrorist act is perpetrated on any of those countries or any diplomatic, military or political establishment of any of those countries elsewhere in the world; or
- **(political or economic conditions)** the occurrence of any adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America, Hong Kong the United Kingdom, Japan or the People's Republic of China.

#### 8.5.4 Indemnity

The Company agrees to indemnify each of the Underwriters and their respective affiliates and related bodies corporate and each of any of their respective directors, officers, employees, advisers and representatives against all demands, claims, losses, actions, damages, proceedings, investigations, liabilities, penalties, interest, reasonable charges, reasonable costs and reasonable expenses of any kind, however arising, suffered or incurred directly or indirectly in relation to the Entitlement Offer (subject to certain customary exclusions relating to, among other things, wilful misconduct, gross negligence and fraud of an indemnified party).

#### **8.5.5 Representations, warranties and undertakings**

The Company gives certain standard representations, warranties and undertakings to the Underwriters (as well as standard conditions precedent) under the Underwriting Agreement.

The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, documents issued or published by or on behalf of the Company in respect of the Entitlement Offer, the conduct of the Entitlement Offer and the due diligence process, litigation and insolvency.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any undertaking given by them under the Underwriting Agreement.

With the exception of the New Shares and any Additional New Shares issued under the Entitlement Offer, the issue of the Arrow Shares and certain other limited exceptions, the Company also provides an undertaking that it will not, without the Underwriters' prior written consent (such consent not to be unreasonably withheld or delayed) and subject to certain standard exceptions, issue or agree to issue any Shares (or other securities in the capital of the Company) at any time after the date of the Underwriting Agreement until 120 days after the date of settlement of the Retail Entitlement Offer. The Company also provides undertakings that until Completion of the Entitlement Offer, it will not alter the capital structure of the Company, or amend its constitution prior, in either case, without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed).

### **8.6 Not investment advice**

This Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares or Additional New Shares. The New Shares and any Additional New Shares offered under this Prospectus should be considered speculative. Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser.

### **8.7 Australian taxation – Proposed Entitlement Offer**

#### **8.7.1 Australian taxation – Proposed Entitlement Offer**

The taxation implications of the Entitlement Offer will vary depending upon your particular circumstances. Neither the Company nor any of its Officers or employees, nor its advisers, accepts any liability or responsibility in this regard and recommends that you seek and rely upon your own professional advice in connection with the Entitlement Offer.

This Section 8.7 does not constitute financial product advice as defined in the Corporations Act 2001 (Cth), is confined to taxation issues, and is only one of the matters investors need to consider when making a decision about their investments. Investors should seek advice from their own independent professional adviser before deciding whether to invest in New Shares in Murray River Organics.

The following tax comments in this Section 8.7 are based on the income tax (including Capital Gains Tax (**CGT**)), Goods and Services Tax (**GST**) and stamp duty laws in Australia in force as at the Prospectus Date.

Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor or relied upon as tax advice. During the period of ownership of the New Shares by investors, the taxation laws of Australia, or their interpretation, may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own independent professional advice on the taxation implications of receiving the Entitlement Offer, participating in the Top-Up facility, receiving the Premium, holding or disposing of the New Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax (including CGT), GST and stamp duty implications for Australian tax resident individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their existing and New Shares on capital account. These comments do not apply to non-resident investors, investors that hold their existing and New Shares on revenue account or as trading stock, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements (**TOFA**) regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

#### **8.7.2 Issue of Retail Entitlements**

The issue of a Retail Entitlement under the Entitlement Offer should be treated for Australian income tax purposes as an issue of rights to acquire a New Share in the Company.

The issue of the Retail Entitlement will not of itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

#### **8.7.3 Non-resident capital gains tax withholding**

Murray River Organics will be issuing New Shares to investors pursuant to the Entitlement Offer. In accordance with subsection 14-225(1) of the *Taxation Administration Act 1953* (Cth), the Company declares that, for the period from the Prospectus Date until the date of Completion of the Entitlement Offer, it will be a resident of Australia for tax purposes. Accordingly, investors should not have an obligation to withhold any portion of the price paid for the Shares under the Entitlement Offer.

#### **8.7.4 Eligible Retail Shareholders that take up the Offer – Australian tax residents**

The exercise by an Eligible Retail Shareholder (i.e. taking up) of its Retail Entitlement should not give rise to an income tax (including CGT) liability.

If an Eligible Shareholder takes up all or part of its Retail Entitlement, the shareholder will acquire New Shares in the Company with a cost base for CGT purposes of each New Share equal to the amount paid by the Shareholder for each New Share, plus certain non-deductible incidental costs incurred in acquiring those shares (if any).

New Shares will be taken to have been acquired on the day that the Entitlement Offer is exercised.

If an Eligible Shareholder participates in the Top-Up Facility (available to Eligible Retail Shareholders only), the shareholder will acquire additional New Shares in the Company. The cost base for CGT purposes of each New Share under the Top-Up Facility will be determined based on the Bookbuild Price (as outlined in Section 3.5 of the Prospectus).

New Shares acquired under the Top-Up facility will be taken to have been acquired on the day they are settled (after conclusion of the Retail Entitlement Offer and Institutional Entitlement Offer).

#### **8.7.5 Dividends paid on Shares to Australian tax residents**

##### **8.7.5.1 Australian resident individuals and complying superannuation entities**

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend.

Subject to the comments below at Section 8.7.5.4, such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, the investor should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, an individual investor will generally be taxed at their prevailing marginal rate on the dividend received (with no tax offset). Complying superannuation entities will generally be taxed at the prevailing rate for complying superannuation entities on the dividend received (with no tax offset).

#### **8.7.5.2 Corporate**

**investors**

Corporate investors are also required to include both the dividend and, where a fully franked or partially franked dividend is received, the associated franking credit in their assessable income.

Subject to the comments below at Section 8.7.5.4, corporate investors should be entitled to a tax offset up to the amount of the franking credit attached to the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credits attached to the distribution received. This will allow the corporate investor to pass on the franking credits to its investor(s) on the subsequent payment of franked dividends.

Excess franking credits received by corporate investors will not give rise to a refund entitlement for a company, but can be converted into carry forward tax losses instead.

#### **8.7.5.3 Trusts and partnerships**

Investors who are trustees (other than trustees of complying superannuation entities, which are dealt with in Section 8.7.5.1 above) or partnerships should include any dividends and any franking credit received in determining the net income of the trust or partnership. Where a fully franked or partially franked dividend is received, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

#### **8.7.5.4 Shares held at risk**

The benefit of franking credits can be denied where an investor either directly or through a trust holding is not a "qualified person," in which case the investor will not need to include the amount of the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a "qualified person", two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold shares "at risk" for more than 45 days continuously within the primary qualification period (which is measured as the period commencing the day after the shares were acquired and ending on the 45th day after the shares become ex-dividend) in order to qualify for franking benefits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk in respect of each dividend for a continuous 45 day period as above

but within the period commencing on the 45th day before, and ending on the 45th day after the day the shares become ex-dividend.

Investors should seek independent professional advice to determine if these requirements, as they apply to them, have been satisfied.

There are specific integrity rules that prevent taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of "dividend washing" arrangements. Shareholders should consider the impact of these rules together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own personal circumstances.

#### **8.7.6 Eligible Retail Shareholders that do not take up the Offer – Australian tax residents**

Pursuant to the Entitlement Offer, if an Australian tax resident Eligible Retail Shareholder takes no action or the application is not supported by cleared funds, the Shareholder will be deemed to have renounced its Entitlement and those renounced Entitlements will be transferred and potentially sold via the Bookbuild and Top-Up facility on the Investors behalf. Any Retail Premium in respect of a renounced Entitlement will be paid on a pro-rata basis to Ineligible Retail Shareholders and Eligible Retail Shareholders who do not take up their full Entitlement. Entitlements will not be able to be traded on the ASX or another financial market, or otherwise privately transferred.

For those Shareholders holding their shares on capital account, any Premium paid on a renounced Entitlement as a result of the sale (on an Investors behalf) of Retail Entitlements into the Bookbuild and Top-Up facility should be taxable under the Australian CGT provisions. This is consistent with the Australian Taxation Office's position outlined in Taxation Ruling TR 2017/4 'Income tax: taxation of rights and retail premiums under renounceable rights offers where shares held on capital account', which views the Premium as capital proceeds for the purposes of the CGT provisions.

Pursuant to TR 2017/4, Australian resident Shareholders who are individuals, complying superannuation entities or trustees that have held their existing Shares in the Company for at least 12 months prior to the date of the Entitlement Offer, should be entitled to the CGT discount (see below) in respect of any capital gain resulting from the receipt of a Retail Premium amount.

#### **8.7.7 Disposal of Shares – Australian tax residents**

Most Australian tax resident investors will be subject to Australian CGT on the disposal of their Shares. Some investors may hold their Shares on revenue account, as trading stock, or be subject to the Taxation of Financial Arrangements regime. Those investors should seek their own independent professional advice in respect of the consequences of a disposal of Shares.

An investor will derive a capital gain on the disposal of shares where the capital proceeds received on disposal exceeds the cost base of the shares. The cost base of the shares is broadly the amount paid to acquire the shares plus any transaction and incidental costs.

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities provided the particular shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33⅓%. In relation to trusts, the CGT discount rules are complex, but the discount may flow through to presently entitled beneficiaries of the trust where the beneficiary would themselves be entitled to apply the CGT discount.

An investor will incur a capital loss on the disposal of their particular shares to the extent that the capital proceeds on disposal are less than the reduced cost base of the shares.

If an investor derives a net capital gain in a year, this amount is, subject to the following comments, included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount is carried

forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses.

#### **8.7.8 Tax file numbers**

An investor is not required to quote their tax file number (**TFN**) to the Company. However, if their TFN details (or certain exemption details) are not provided, Australian tax may be required to be deducted by the Company from dividends at the maximum marginal tax rate plus the Medicare levy.

An investor who holds Shares as part of an enterprise may quote its Australian Business Number instead of its TFN.

#### **8.7.9 Stamp duty**

On the basis that no investor, together with their associates, should exceed the landholder acquisition threshold for a listed entity (being 90%), no stamp duty should be payable by investors on the acquisition of the New Shares.

Investors should seek their own tax advice as to the impact of stamp duty in their own particular circumstances.

#### **8.7.10 Australian GST**

The acquisition, redemption or disposal of the New Shares by an Australian resident (who is registered or required to be registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses incurred relating to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own tax advice on the impact of GST in their own particular circumstances.

### **8.8 Information availability**

Eligible Shareholders can obtain a copy of this Prospectus during the Entitlement Offer period at <https://murrayriverorganicsoffer.thereachagency.com>.

A replacement Entitlement and Acceptance Form can also be requested during the period of the Entitlement Offer by calling the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm Monday to Friday.

If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus on the MRG website will not include an Entitlement and Acceptance Form.

### **8.9 Legal proceedings**

As at the date of this Prospectus, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental proceedings of a material nature in which the Company is directly or indirectly involved which is likely to have a material adverse impact on the business or financial position of the Company.



## 8.10 Consents

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified below:

- Canaccord Genuity (Australia) Limited;
- Clayton Utz;
- Computershare Investor Services Pty Limited;
- EM Advisory Pty Ltd;
- Ernst & Young as provider of financial due diligence services, advice on the tax implications for Australian tax residents and auditor;
- Ernst & Young Transaction Advisory Services Limited as Investigating Accountant and inclusion of its Independent Limited Assurance Report set out in Section 9;
- Shaw and Partners Limited; and
- Thorney.

## 8.11 Costs of the Entitlement Offer

The costs of the Entitlement Offer are expected to be approximately \$2.949 million (excluding GST). These costs will be borne by the Company from the proceeds of the Entitlement Offer.

## 8.12 Governing law

This Prospectus, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## 8.13 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Prospectus.

Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, nor any other person, warrants or guarantees the future performance of MRG or any return on any investment made pursuant to this Prospectus or its content.

## 8.14 Statement of Directors

The issue of this Prospectus is authorised by each Director of the Company.

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and the issue of the Prospectus and no Director of the Company has withdrawn that consent.

# **9.**

# **Independent Limited Assurance Report**

# 9 Independent Limited Assurance Report (ILAR)

6 February 2020

The Board of Directors  
Murray River Organics Group Limited  
32 Crompton Way  
Dandenong South VIC 3175

Dear Directors

## PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

### 1. Introduction

We have been engaged by Murray River Organics Group Limited (“MRG” or the “Company”) to report on the historical financial information and pro forma historical financial information for inclusion in the prospectus to be dated on or about 6 February 2020 (“Prospectus”), and to be issued by the Company, in respect of an accelerated renounceable 3.843:1 rights issue of the Company’s ordinary shares (“New Shares”) at an offer price of \$0.015 per New Share (the “Entitlement Offer”) to raise up to \$25 million.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001 (Cth) (“Corporations Act”). Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Gary Nicholson is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

### 2. Scope

#### Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following historical financial information of the Company:

- the historical consolidated statement of financial position as at 30 November 2019 as set out in Table 1 in Section 5.3 of the Prospectus.

(Hereafter the “Historical Financial Information”).

The Historical Financial Information has been derived from the interim consolidated financial report of the Company and its subsidiaries for the five months ended 30 November 2019 ("Interim Financial Report"), which was reviewed by Ernst & Young. The review conclusion issued by Ernst & Young was qualified in respect of the prior period statements of comprehensive income and cashflows which are not comparative. The qualified review conclusion also included an emphasis of matter regarding a material uncertainty in relation to the Company's ability to continue as a going concern.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of Australian Accounting Standards ("AAS") issued by the Australian Accounting Standards Board ("AASB"), which are consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board.

#### Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of the Company:

- ▶ the pro forma historical consolidated statement of financial position as at 30 November 2019 as set out in Table 1 in Section 5.3 of the Prospectus.

(Hereafter the "Pro Forma Historical Financial Information").

(the Historical Financial Information and Pro Forma Historical Financial Information is collectively referred to as the "Financial Information").

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, and adjusted for the effects of pro forma adjustments described in the Notes to Table 1 in Section 5.3 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 November 2019.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### 3. Directors' Responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

### 4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

### 5. Conclusions

#### Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company comprising:

- ▶ the historical consolidated statement of financial position as at 30 November 2019 as set out in Table 1 in Section 5.3 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5.2.1 of the Prospectus.

#### Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company comprising:

- ▶ the pro forma historical consolidated statement of financial position as at 30 November 2019 as set out in Table 1 in Section 5.3 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5.2.1 of the Prospectus.

## Material Uncertainty Related to Going Concern

We draw attention to Section 5.2.3 of the Prospectus which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Historical Financial Information and Pro Forma Historical Financial Information. Our limited assurance conclusions are not modified in respect of this matter.

## 6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 5.2.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

## 7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

## 8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Entitlement Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young Transaction Advisory Services Limited



Gary Nicholson  
Director and Representative

6 February 2020

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT
---

## PART 2 – FINANCIAL SERVICES GUIDE

### 1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

### 2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

### 3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

### 4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the



person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

#### 5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$11,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in Section 7.3.4 of this Prospectus, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

#### 6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

#### 7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

#### 8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

## 9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001 (Cth).

<p>Contacting Ernst &amp; Young Transaction Advisory Services</p> <p>AFS Compliance Manager</p> <p>Ernst &amp; Young</p> <p>200 George Street</p> <p>Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Australian Financial Complaints Authority Limited GPO Box 3</p> <p>Melbourne, VIC 3001</p> <p>Telephone: 1800 931 678</p>
---	---

This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

# 10. Glossary.

## 10 Glossary

The below terms are defined as follows for the purposes of this Prospectus:

**AASB or Australian Accounting Standards Board** means the Australian Accounting Standards Board, an Australian Government agency under the Australian Securities and Investments Commission Act 2001 (Cth).

**Additional New Shares** means the Entitlements and corresponding New Shares for which valid applications have not been received by MRG by the closing date of the Retail Entitlement Offer, plus that number of New Shares that would have been offered to Ineligible Shareholders if they had been eligible to participate in the Entitlement Offer, for which Institutional Investors and Brokers (in respect of the Bookbuild) and Eligible Shareholders may apply in addition to their Entitlement (in respect of Eligible Shareholders) under the Bookbuild and the Top Up Facility.

**Applicant** means a person who has subscribed for New Shares pursuant to the Entitlement Offer.

**Application Monies** means the money paid by Applicants in respect of the New Shares and any Additional New Shares they apply for under the Entitlement Offer.

**Arrow** means Sandhurst Trustees Limited in its capacity as Custodian of the Arrow Primary Infrastructure Fund.

**Arrow Shares** means the 105,035,248 Shares to be issued to Arrow (or its nominee) under this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange.

**ASX Listing Rules or Listing Rules** means the official listing rules of ASX.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement Pty Ltd ABN 49 008 504 532, and to the extent they are applicable, the operating rules of each of ASX and ASX Clear Pty Ltd ABN 48 001 314 503.

**Australian Accounting Standards** means the Australian Accounting Standards issued by the Australian Accounting Standards Board.

**Banking Facilities** has the meaning given in Section 5.5.

**Board or Board of Directors** means the board of directors of the Company from time to time

**Bookbuild** means the bookbuild process undertaken by the Underwriters in respect of the Entitlement Offer and through which the Underwriters offer for sale the Entitlements of Renouncing Shareholders and the Entitlements that would have been attributable to Ineligible Shareholders if they were eligible to participate in the Entitlement Offer.

**Bookbuild Price** means highest bid price that will allow the maximum number of Additional New Shares to be issued to participants in the Bookbuild.

**Broker** means any ASX participating organisation selected by the Underwriters and the Company to act as a broker to the Bookbuild.

**CARD Form** means a confirmation of allocation and registration form.

**Cluster** is a dried vine fruit product where the dried fruit (i.e. raisin or sultana) is cut and sold attached to the vines

**Constitution** means the constitution of the Company.

**Company** means Murray River Organics Group Limited (ACN 614 651 473).

**Completion of the Offer** means completion in respect of the issue of New Shares and any Additional New Shares pursuant to the Entitlement Offer, in accordance with this Prospectus and the Underwriting Agreement.

**Confirmation Letter** means the confirmation letter sent by the Underwriters to Eligible Institutional Shareholders, Institutional Investors and Brokers who subscribe for New Shares under the Institutional Entitlement Offer and Additional New Shares under the Bookbuild.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CRN** means the unique customer reference number allocated to each Eligible Shareholder.

**Directors** means each of the directors of the Company from time to time.

**Eligible Institutional Shareholder** means those persons who receive an offer from the Company through the Underwriters to subscribe for New Shares under the Institutional Entitlement Offer on the basis that it is an Institutional Investor, including where the offer is made to a person for whom the Shareholder holds Shares.

**Eligible Retail Shareholder** means those persons who:

- were not invited to participate (other than as nominee in respect of other underlying holdings) under the Institutional Entitlement Offer (unless the Underwriters have agreed, in their absolute discretion, that a Shareholder who was invited to participate in the Institutional Entitlement Offer, may defer their participation to the Retail Entitlement Offer), and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer;
- are registered as a holder of Shares as at the Record Date, being 7.00pm on Monday, 10 February 2020;
- have a registered address on the MRG share register in Australia or New Zealand as at the Record Date;
- are not in the United States and is not, and is not acting for the account or benefit of, a U.S. Person; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

**Eligible Shareholder** means an Eligible Retail Shareholder or an Eligible Institutional Shareholder, or both (as the context requires).

**EM Advisory** means EM Advisory Pty Ltd.

**Entitlement Offer** means the Institutional Entitlement Offer and the Retail Entitlement Offer.

**Entitlements** means the entitlement of Eligible Shareholders to purchase 3.843 New Shares for every 1 existing Share held as at the Record Date at the Offer Price of \$0.015 per New Share.

**Entitlement and Acceptance Form** means the personalised form accompanying this Prospectus.

**Fill Rate** is a measure of manufacturing and warehousing efficiency

**FMCG** means fast moving consumer goods.

**Group, Murray River Organics or MRG** means the Company and each of its wholly-owned subsidiaries and, where relevant, means one or more of those subsidiaries as the context requires.

**Historical Financial Information** has the meaning given in Section 5.1.

**IFRS** has the meaning given in Section 5.2.

**Ineligible Institutional Shareholder** means a person who holds Shares that is, or the person for whom they hold Shares is an Institutional Investor that is a jurisdiction outside of Australia, New Zealand and Hong Kong.

**Ineligible Retail Shareholder** means a Shareholder who is not an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Institutional Entitlement Offer** means accelerated renounceable institutional entitlement offer of New Shares to Eligible Institutional Shareholders.

**Institutional Investor** means a person whom the Underwriters reasonably believes to be a person to whom offers for the issue of Shares may lawfully be made without the need for a lodged prospectus or other disclosure document or other lodgement, registration, filing with or approval by a Government Agency (other than one with which the Company is willing to comply) and excluding any person in the United States or any person that is, or is acting for the account or benefit of a U.S. Person.

**Investigating Accountant** means Ernst & Young Transaction Advisory Services Limited.

**Management Team** means the management team listed in Section 7.2.

**MRO** means Murray River Organics' 'MRO' brand of conventional food products for the wholesale market.

**New Shares** means the Shares offered by Murray River Organics Limited pursuant to this Prospectus.

**Nominee** means CG Nominees Pty Ltd, a wholly owned subsidiary of Canaccord Genuity (Australia) Limited.

**Offer Price** means \$0.015 per New Share.

**Offer Ratio** means 3.843 New Shares for every 1 existing Share held as at the Record Date.

**Officer** has the meaning given in section 9 of the Corporations Act.

**Option** means an option to acquire a Share.

**Performance Rights** means a right to acquire a Share on satisfaction of certain performance criteria.

**Premium** means any proceeds in excess of the Offer Price per New Share that may be achieved under the Bookbuild as described at section 3.5.

**Pro Forma Historical Financial Information** has the meaning given in Section 5.1.

**Prospectus** means this prospectus (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document.

**Record Date** means 7.00pm (AEDT) on Monday, 10 February 2020.

**Renouncing Shareholders** means all Eligible Shareholders who do not take up some or all of their Entitlement.

**Retail Entitlement Offer** means the renounceable retail entitlement offer of New Shares to Eligible Retail Shareholders.

**Securities Act** means the U.S. Securities Act of 1933, as amended from time to time.

**Shortfall Shares** means any Shares for which Valid Applications have not been received following the Entitlement Offer and the Bookbuild.

**Shareholder** means the registered holder of a Share.

**Shares** means fully paid ordinary shares of the Company as well as new ordinary shares in the Company.

**Share Registry** means Computershare Investor Services Pty Limited whose details are provided in the "Corporate Directory" section of this Prospectus.

**Thorney** means Thorney Opportunities Ltd ACN 080 167 264, Tiga Trading Pty Ltd ACN 118 961 210 and Urban Land Nominees Pty Ltd ACN 113 254 112 and each of their associates (as the context requires). A reference to Thorney as a sub-underwriter is a reference to Tiga Trading Pty Ltd ACN 118 961 210.

**Top Up Facility** means the top up facility pursuant to which certain Eligible Retail Shareholders may elect to subscribe for a dollar value of Additional New Shares at the Bookbuild Price.

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriters dated on or about 6 February 2020.

**Underwriters** means each of Canaccord Genuity (Australia) Limited and Shaw and Partners Limited.

**US Persons** has the meaning given in Regulation S under the US Securities Act.

**US Securities Act** means the United States Securities Act of 1933.

**Valid Application** means in respect of:

- the Institutional Entitlement Offer:
  - a duly completed Confirmation Letter by an Eligible Institutional Shareholder lodged with the Underwriters prior to 4.00pm on the closing date for the Institutional Entitlement Offer; or
  - a duly completed CARD Form by the Underwriters; and
- the Bookbuild:
  - a duly completed Confirmation Letter by a participant in the Bookbuild lodged with the Underwriters prior to 4.00pm on the date of the Bookbuild; or
  - a duly completed CARD Form by the Underwriters;
- the Retail Entitlement Offer:
  - a duly completed Entitlement and Acceptance Form by an Eligible Retail Shareholder and submitted to the Share Registry in accordance with this Prospectus with payment of the Offer Price in full and cleared funds for each of the New Shares in respect of which application is made; or
  - payment of the Offer Price for each of the New Shares in respect of which application is made by BPAY® (in which case completion of an Entitlement and Acceptance Form is not required),by 5.00pm on the closing date for the Retail Entitlement Offer; and



- the Top Up Facility:
  - a duly completed Entitlement and Acceptance Form by an Eligible Retail Shareholder and submitted to the Share Registry in accordance with this Prospectus with payment of the Offer Price in full and cleared funds for each of the New Shares in respect of which the application is made, together with a dollar value of Additional New Shares that an Eligible Retail Shareholder wishes to acquire at the Bookbuild Price; or
  - payment of the Offer Price for each of the New Shares in respect of which application is made by BPAY® plus the dollar value of Additional New Shares that an Eligible Retail Shareholder wishes to acquire at the Bookbuild Price (in which case completion of an Entitlement and Acceptance Form is not required),

by 5.00pm on the closing date for the Retail Entitlement Offer.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

# Corporate Directory

## Company's Registered Office

### Murray River Organics Group Limited

32 Crompton Way  
Dandenong South, Victoria, 3175  
Australia

## Underwriters

### Canaccord

Level 4, 60 Collins Street  
Melbourne, Victoria, 3000

### Shaw and Partners

Level 7, Chifley Tower, 2 Chifley Square  
Sydney, New South Wales, 2000

## Australian Legal Adviser

### Clayton Utz

Level 18  
333 Collins Street  
Melbourne, Victoria, 3000  
Australia

## Auditor

### Ernst & Young

8 Exhibition Street  
Melbourne, Victoria, 3000  
Australia

## Investigating Accountant

### Ernst & Young Transaction Advisory Services Limited

8 Exhibition Street  
Melbourne, Victoria, 3000  
Australia

## Financial Adviser

### EM Advisory

Level 7

50 Market Street  
Melbourne, Victoria, 3000  
Australia

## Share Registry

### Computershare Investor Services Pty Limited

452 Johnston Street  
Abbotsford, Victoria, 3067  
Phone: +61 3 9415 4000

## MRG Information Line

Phone: 1300 850 505 (within Australia) or +61 3  
9415 4000 (outside Australia)

Hours: 8.30am to 5.00pm Monday to Friday during  
the Entitlement Offer

## Company Website

[www.murrayriverorganics.com.au](http://www.murrayriverorganics.com.au)