

OPERATIONAL UPDATE, August 2016

20 September, 2016

- ❖ In August, Mriya continued its harvesting campaign and went ahead with the winter crops sowing campaign. By the end of month, the company completed harvest of 100% of winter crops and 26% of spring crops. At the same time, Mriya executed 20% of its winter crops sowing campaign plan.
- ❖ At the beginning of September, the key restructuring terms and conditions were agreed between Mriya and the Coordinating Committees of Banks and Bonds. According to the restructuring terms, Mriya's operating group debt will be reduced to a total sustainable debt level up to \$330 million. Exact debt restructuring conditions were published on Mriya website.
- ❖ As a part of the company's program to restore its fleet of agricultural machinery, Mriya in August purchased five Case caterpillar tractors and five Case wheeled tractors.
- ❖ In mid-July, the company received additional \$14 million of Working Capital financing provided by Mriya's existing bondholders. The funds will cover Working Capital needs to complete the harvesting and to prepare for the autumn sowing campaign. In total, as of now the company obtained \$41 million of 2016 Working Capital financing from the company's current creditors.
- ❖ On July 1, the company's logistics base located in the city of Khorostkiv, Ternopil region was occupied by unknown persons led by a lawyer affiliated with the former owners of Mriya, the Guta family. According to the ruling issued by Dnipro regional court on August 4, 2016, the buildings and structures located at the auto transport site should be placed under care and custody of Mriya. Also, according to the ruling issued by Dnipro regional court on August 31, 2016, the permanent access to the logistics base should be opened for the Mriya's officials. However, members of a company have obtained partial access to the base and the territory is still being blocked by mentioned persons as of the date of this report.

Winter crops 2015/16 - Harvesting

Crop	Harvested as of 31/08/16, kha	Total planned, kha	Completion, %
Wheat	61,2	61,2	100%
Rapeseed	6,7	6,7	100%
Barley	0,2	0,2	100%
Total	68,1	68,1	100%

Crop	Yield actual, mt/ha	Yield planned, mt/ha	Yield difference, %	Total harvest, thd mt
Wheat	4,3	4,3	0%	262,0
Rapeseed	1,2	0,8	55%	8,3
Barley	3,2	3,1	3%	0,7

Winter crops 2016/17 - Sowing

Crop	In ground as of 31/08/16, kha	Total planned, kha	Completion, %
Wheat	0,1	70,5	0%
Rapeseed	19,2	21,0	92%
Rye	-	2,0	-
Barley	-	0,9	-
Total	19,3	94,4	20%

Comments

- At the end of August, Mriya successfully completed harvest of winter crops, with yields exceeding the management forecast. The company has harvested 271 thousand tons of winter crops from 68,1 kha of land.

Comments

- In August, Mriya almost finished sowing rapeseed and started with wheat. The sowing campaign is planned to be fully completed at the beginning of November.

Spring crops 2016 - Harvesting

<i>Crop</i>	<i>Harvested as of 31/08/16, kha</i>	<i>Total planned, kha</i>	<i>Completion, %</i>
Spring rapeseed	8,4	8,7	96%
Spring barley	11,1*	11,2	100%
Sunflower	-	42,5	-
Corn	-	9,1	-
Soybean	-	6,0	-
Potato	0,3	2,0	16%
Other	1,0	2,0	49%
Total	20,8	81,5	26%

* damaged by contained fire outbreak

<i>Crop</i>	<i>Yield actual*, mt/ha</i>	<i>Yield planned, mt/ha</i>	<i>Yield difference, %</i>	<i>Total harvest, thd mt</i>
Spring rapeseed	-	1,5	-	8,5
Spring barley	4,8	3,8	26%	53,1
Sunflower	-	2,1	-	-
Corn	-	7,0	-	-
Soybean	-	2,1	-	-
Potato	-	30,0	-	5,8

* for fully harvested crops

Comments

- At the end of August, the company finished harvesting spring barley and was at the final stage of harvesting spring rapeseed and crops for the company's livestock business. Also, Mriya has begun harvesting its potato crop.
- The inspection of the condition of sunflower and corn was conducted at the end of August. Also, the inspection of condition of soybean is in the process. Results of the inspections will show the quality and biological yields of these crops and will be available at the end of September.

Sales volumes shipped

<i>Crop</i>	<i>Shipped July 2016, kmt</i>	<i>Shipped Aug 2016, kmt</i>
Grains	27,70	42,63
Oilseeds	0,84	2,86
Other	0,04	3,82
Total	28,59	49,31

	<i>Shipped July 2016, kmt</i>	<i>Shipped Aug 2016, kmt</i>
Export	19,01	40,62
Domestic sales	9,58	8,69
Total	28,59	49,31

Inventory in elevators

<i>Crop</i>	<i>As of 31 July, kmt</i>	<i>As of 31 Aug, kmt</i>	<i>Change in inventory, kmt</i>
Grains	145,01	222,69	77,68
Oilseeds	8,89	13,76	4,87
Other	5,74	13,88	8,13
Total	159,64	250,33	90,68

Comments

- For sale of the company's 2016 crops, Mriya is working with a number of big multinational traders such as ADM, Cargill, Louis Dreyfus, CHS, BTG Pactual Commodities.
- In August, the market faced a shortage of rail wagons from State Rail Company for shipping goods from Western Ukraine to the Black Sea ports. This shortage was partly compensated by rental of privately-owned railcars but caused under several contracts delays in deliveries of goods from August to September.

Thank You

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