

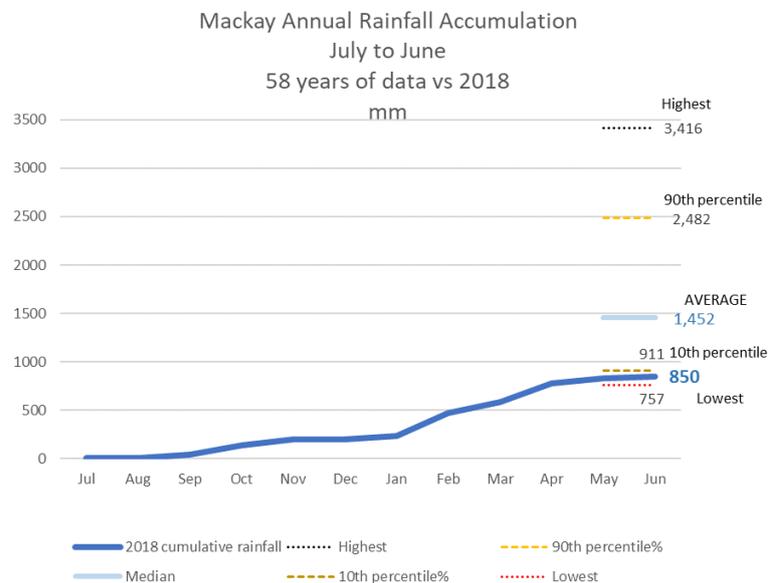


4 September 2018

## COMPANY UPDATE

Later this week Mackay will pass the 60% mark. As you know the weather continues to be extremely dry and we are all hoping for some rain, but we can only deal with the cards presented to us.

I retrieved the last 58 years of Mackay rainfall data. If we look at the approximate growing period from July 2017 to June 2018, we only had around 850mm in this 12 month period, a very low result. According to the historical data, this can occur in about 1 in 14 years. In the irrigated areas, there is some counter to this and 200-300 mm of irrigation (2-3MI/ha) can be added. However in the cane areas with low or no irrigation, this has to have an impact on our cane yields.



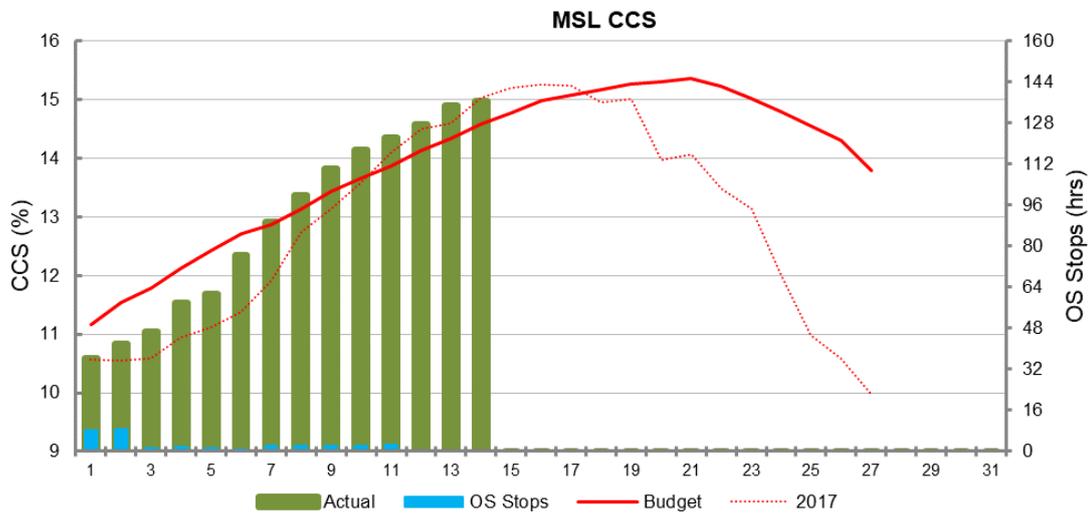
## MACKAY CRUSH

With the dry and erect crop, cane quality has been relatively good with low soil levels and low trash levels. Thank you to everyone for your cooperation and help with this so far this season.

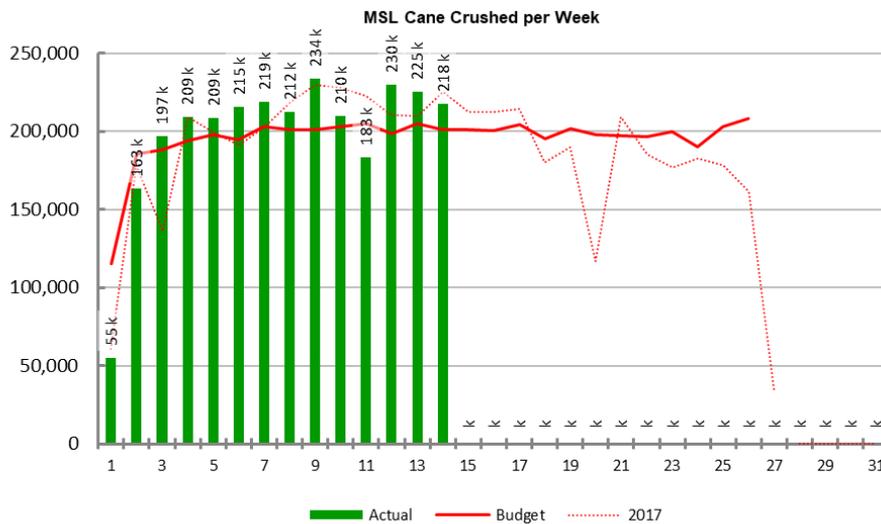
As of Sunday 2 September we had crushed almost 2.8Mt cane which is around 58% of the current estimate (4.8Mt). We are using 4.8Mt as our current estimate for the 2018 season. The crop is cutting around 89% of the original estimate (5.4Mt December 2017) or 94% of the estimate 5.09Mt we were using prior to the start of the season when some of the dry weather trend was known. We allow 110,000 tonnes for seed cane in this but let's see what is actually consumed.

We had 3,900 hectares of standover cane and Farleigh has cut 86%, Marian 72% and Racecourse 91% leaving 800 hectares to go. Please try and deliver this soon because the quality can deteriorate if it is left for the hotter period of the year.

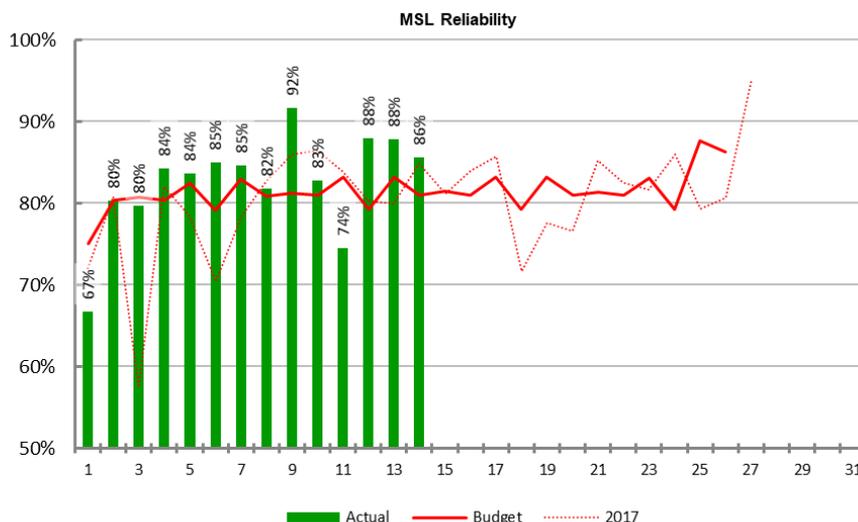
Mackay CCS is continuing to be high with the dry weather, better cane purity and less standover in the cane supply. CCS has continued above 2017.



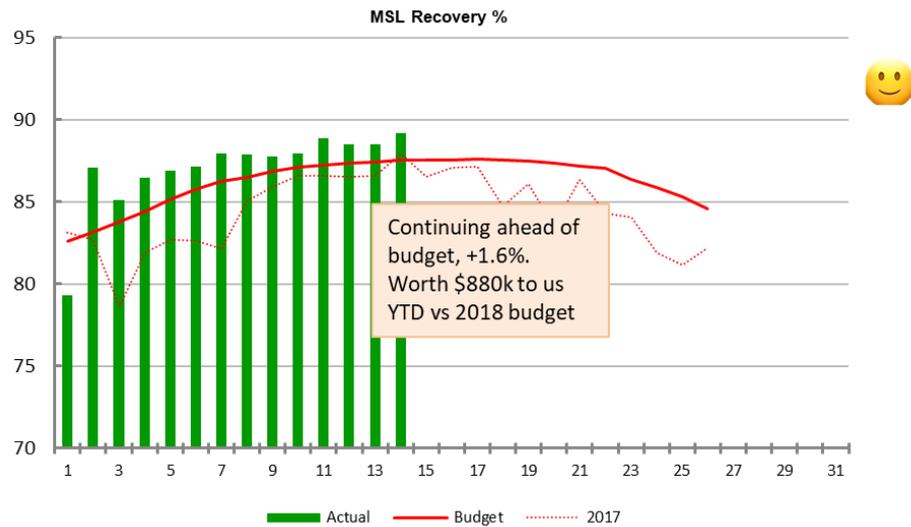
Weekly cane throughput remains consistent at around 210,000 tonnes/week+ or more on good weeks. We need to keep this up at this level. The high sugar content in the cane is limiting higher rates to some extent. Compared to the same time last season, we are around 280,000 tonnes ahead from better reliability and starting a week earlier at two mills.



Our people continue to be focussed on crush **R**ate, **R**eliability and sugar **R**ecovery, the 3 R's. Rate is still down a little from where we would like to be but in reliability we have performed better than last season with some good weeks over 90%. Year to date our reliability is 2% above budget and 4% better than the same period last year. Farleigh and Marian started a week earlier and steadier reliable crushing has improved throughput.



Sugar recovery has also improved. Higher mill reliability and the targeted maintenance season work continues to provide upside. There is still more to do in the future. Season to date for the local industry we are \$2.6m better than budget in sugar recovery and \$3.5m better than last year, with approximately two-thirds of this being returned to you, the growers via your cane pays. There are still many opportunities to improve here if we had the funds to do the extra maintenance required.

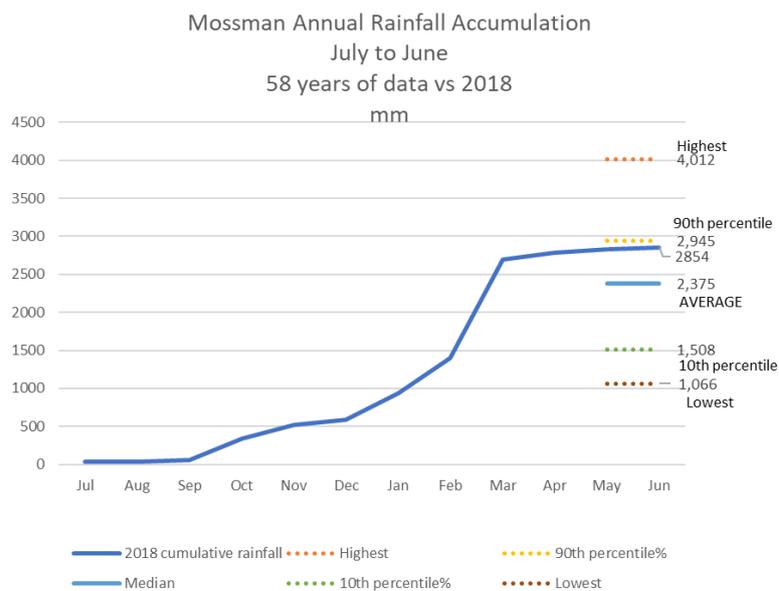


It is good to see this relatively smooth crushing throughput in the first two-thirds of the season and I hope it can continue. We would all like some rain but all we can do is make the most of this as we go and try to finish the season as early as possible.

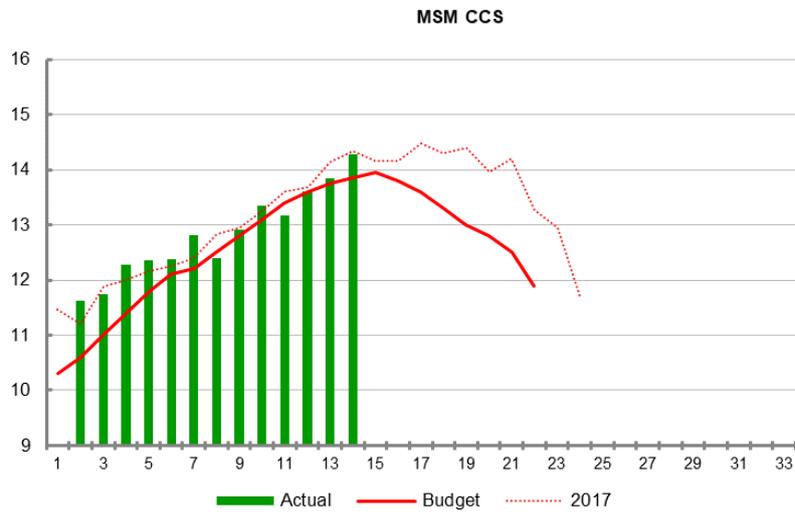
If the weather remains dry and crushing performance remains around the same, we should finish sometime around 4 - 6 November. We are trying to equalise the season finish dates between the three mills. Our focus is on the basics of crushing well, recovering as much sugar as we can and working safely.

**MOSSMAN CRUSH**

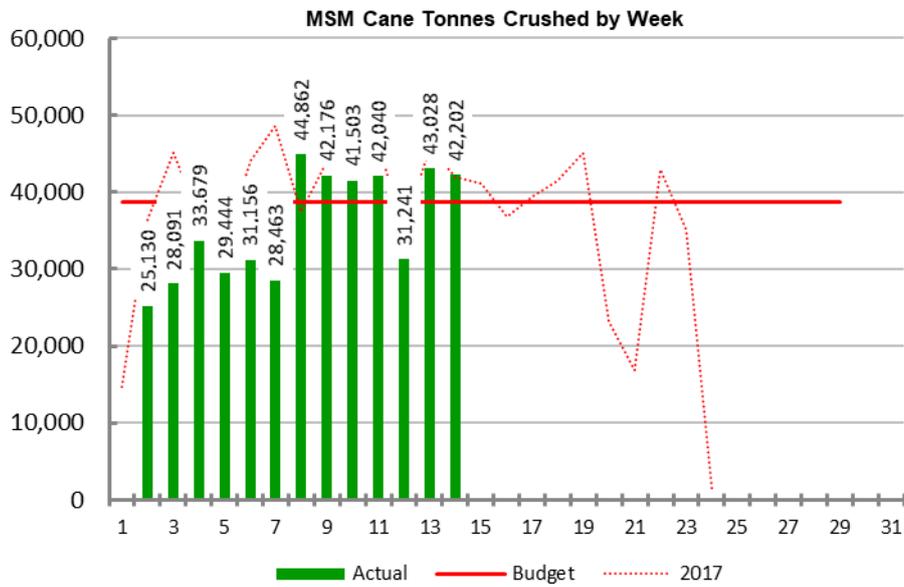
Unlike Mackay, rainfall in Mossman was above average in the growing season.



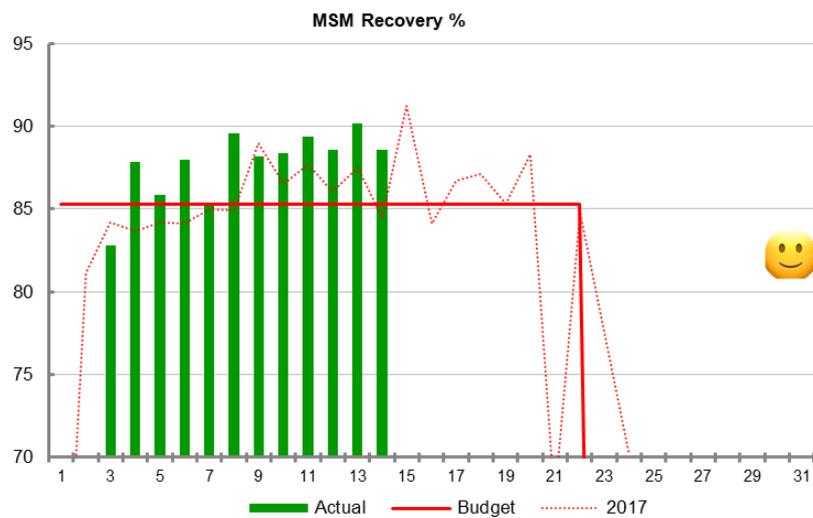
463,000 tonnes was crushed up to 2 September, around 54% of the crop. Mossman continues to cut close to estimate.



Crushing has settled down in the last month with some good weekly results.



Again sugar recovery has shown good improvement.



Finish dates for Mossman mill are forecast around early November.

## RECAPITALISATION

We have had another round of visits and more questions to answer from interested parties. As I have said before, it would be good to have some finality to this process, so we know where we are going. However, until the parties finish their assessments we can only work at the pace they set. As soon as we have some firm information, I will let you know.

## SAFETY

Finally, I would just like to raise awareness around locomotives. In the field and on the rail we have large heavy machinery and small mistakes can have grave consequences. There are no second chances in the wrong situation. We have clear rules around sidings and mostly these are all going well. Thank you for completing the siding inductions. The purpose of these is to improve everyone's awareness of what is required in this shared workplace.

This season we have had three collisions between locomotives and vehicles near/on the lines (not haulouts). There have been a number of contributors to these, one being the early morning sun in someone's eyes. **Please stop and look out for the trains.**

We will soon distribute to you **emergency stickers** for all vehicles highlighting emergency contact numbers. If someone is caught on or near a rail line can you please call the Communications Centre as soon as possible and hopefully we can avoid a potential collision.

Again, thanks for your cooperation and let's continue to work together to get this crop off without injuries and recover as much sugar as we can. The sugar price and dry weather are a problem for all. However if we can crush all the cane this season and recover more sugar we are starting to set a good platform for when prices and weather return to normal. In the mills we are focussed on doing the basic things that make mills perform well and we are seeing improvements.

Hopefully we can finish both regions around the first week of November, weather permitting!



Mark Day  
EXECUTIVE CHAIRMAN and CEO