



1 February 2019

Circular to Shareholders and Growers

This newsletter is to update shareholders and growers on progress of various matters over the Christmas and New Year period. A more detailed circular will be distributed in a few weeks' time.

It is great to see the rain over the last two months and we now have a great foundation for a good crop.

Nordzucker Transaction

Despite the "quiet" around this I can assure you that the Board, management, Nordzucker and the advisors have all been working over Christmas towards bringing this deal together and being able to put a proposal to you. The amount of work is significant but we are getting close to the end of the process. Both parties have been working very positively together. I want to reassure you that this is still one of our top priorities and the process is going well. We need to grant an extension to the exclusivity period and that has been done for one more month, to 28 February 2019. This transaction is a critical part of Mackay Sugar's future and we are taking each step with that in mind. I will give you more detail as soon as I can. If we can get to the stage where the proposal can progress we will be holding several rounds of shed and office meetings with you to discuss the details so that you are fully informed to make a decision.

Mossman Mill Divestment

The Mossman growers have continued to work over Christmas to advance their project. They have gained good support from both levels of government and are now completing the necessary reviews required under government funding schemes. Inevitably, this is taking more time as more detail is required and we are also extending this transaction's exclusivity period for an extra month, to 28 February 2019. The parties need to get this finalised very soon so that the Mossman growers can take control of the mill and plan for the level of maintenance work they require to be done prior to the start of this crushing season.

Sugar Marketing Grower Choice

Mackay Sugar has signed an On Supply Agreement with QSL and with our own marketing company, QCS. This will provide you with full choice in marketing, beyond what was previously available through the RSSA, for the 2019 season onwards. I am glad we have now reached this point, one year ahead of the original expiration date for the RSSA.

Our own marketing team led by Brent Casey will be around to talk to you about the marketing options that QCS can provide to you and the benefits of their approach. A separate notice will be sent out on this matter and I encourage you and your family to engage with Brent on this. Growers who did forward pricing for 2018 season have done significantly better than the market in these difficult times, so I would urge you to engage in this area if you have not already done so. The QCS team is more than happy to spend time with you to explain the opportunity. Like anything it takes a little effort to understand and this is what Brent and his team are here to do. If you are happy with your current pricing and marketing arrangements there is no need for you to do anything and you do not need to return any forms.

To complete this process, the Annexure D in the Cane Supply and Processing Agreement requires amendment to allow full grower choice in marketing to happen. We have completed discussions with CANEGROWERS and ACFA bargaining representatives and now need to engage with the Independent Bargaining Representatives as soon as possible for their CSPA. The CSPA changes are relatively straightforward and we need to finalise these quickly.

Trades Labour

In case anyone is interested, we have vacancies for boilermakers and fitters in the mills. If people are only available several days of the week we can consider accommodating these requirements.

A handwritten signature in black ink, appearing to read 'Mark Day', written in a cursive style.

Mark Day
EXECUTIVE CHAIRMAN and CEO