COMPANY UPDATE

Thank you to those who attended our recent Mackay Shareholder Briefing Meeting. The Mossman Shareholder Briefing Meeting is scheduled to occur on 23 April (3.30pm) at the Mossman Bowls Club. For those who were unable to attend the Mackay meeting, I provide the following information, outlined during the meeting’s presentations. This Update also provides information on various other Company activities.

2013 Crop and Sugar Price
The current crop estimate for Mackay is in the range of 4.9 million tonnes to 5.2 million tonnes, and Mossman is at 575,000 tonnes. The ICE #11 Raw Sugar Price has been trading around the $400/tonne IPS level which is expected to lower the price expectations for Mackay Sugar and our supplying growers from the 2013 crop.

Queensland Commodity Services
Since the middle of 2012, the Board and Management team have been developing a new Company marketing model, with the expectation of introducing it in early 2014. The Queensland Commodity Services will be a wholly-owned subsidiary (formed under the Australian Financial Services License framework) tasked with offering improved price risk management services to our Company and our growers. The new marketing model is set to provide pricing flexibility and active hedge management in order to improve returns. We will work with our Bargaining Agents to complete the proposal over the coming months and will keep you abreast of developments.

Mill Mud/Ash Review
During the 2012 season, we conducted a review of our Mackay mill mud/ash logistics and, via a Grower Feedback Survey; we have gained valuable insights that have assisted us to review our mill mud pricing and distribution. We will discuss the proposed changes at our upcoming Mackay Pre-Crush Shed Meetings (see below for dates) in greater detail, so I encourage your attendance.

Bin Delivery and 2013 Harvest Strategy
There is a need to change our bin delivery arrangements and the current harvesting patterns to avoid the inefficiencies and harvester downtime experienced in the Mackay region in 2012. Our Cane Supply department personnel will discuss these changes with growers at standalone shed meetings to be held over the next few weeks. Growers who are not involved in harvesting will be informed of the arrangements that will be entered into with their harvester after these initial meetings.

Racecourse Cogeneration Plant
On 27 March, our Racecourse Cogeneration Plant was officially opened, with the Parliamentary Secretary for Climate Change, Industry and Innovation the Hon Yvette D’Ath MP, Mackay Regional Council Mayor Deirdre Comerford and Ergon Energy CEO Ian McLeod assisting us with the official proceedings at both the on-site opening and our Shareholder Opening Ceremony, conducted as part of the Shareholder Briefing Meeting. This was a momentous milestone for our Company, one we can all be proud of achieving. It provides great benefits to our Company, growers and shareholders, employees, the community and, of course, our environment. Please find enclosed with this Company Update, your copy of the Racecourse Cogeneration Plant ‘Official Opening’ commemorative booklet.

Steam Efficiency Project
The upgrade of Marian No3 Boiler continues at full steam, with 9 supply and construction contracts having now been awarded. Four wet scrubbers, a new economiser and ash pipework have arrived on site. Foundations are finished, and DGH Engineering has commenced site work and will erect all the new steelwork, ductwork, economiser, air heaters, scrubbers, pipework and access-ways. Most of the steelwork and ductwork is being fabricated in local workshops. This upgrade will be completed for the
start of crush and the extra bagasse generated will be stockpiled on the new Marian pad, currently being constructed by Vassallo.

2013 Pre-Crush Shed Meetings

- **23 April (3.30pm)** Mossman Bowls Club, Mossman (held as part of the Shareholder Briefing Meeting)
- **13 May (7pm)** Tommy Webster Hall, Walkerston
- **14 May (7pm)** The Leap Hall, The Leap
- **15 May (7pm)** Gargett Sports Club, Gargett

Shed Meetings provide growers with the opportunity to gain a greater understanding of operational arrangements in place for the relevant season, and the ability to discuss any grower/shareholder issues directly with Board Members and Management. Refreshments will be provided upon completion of each meeting. I encourage you to attend a Shed Meeting in your area.

**Pentland Power Feasibility Study**

We have been invited to participate in a feasibility study to examine the potential to develop a sugarcane-based sustainable power industry hub in the Pentland area (West of Townsville). The study also includes the investigation of a coal-based power station utilising the same infrastructure. Guildford Coal has been invited to participate in that part of the feasibility. The study is supported by a $2.5 million funding grant from the Federal Government (announced on 5 April) which will culminate in a report in late June 2013. Our involvement with the study, at this stage, is via our participation on the steering committee (one Mackay Sugar representative).

**Ag.Trade.Life**

Mackay Sugar is a sponsor of this week’s (11-12 April) inaugural Ag.Trade.Life (to be held at Mackay Showgrounds), organised by Canegrowers Mackay. We will also be a participating exhibitor, so I encourage you to visit the Mackay Sugar display if you are attending the event.

Should you have any queries relating to the above information, please contact Mackay Sugar Company Secretary Donna Rasmussen on 4953 8241.