



2 March 2018

Circular to Growers and Shareholders

Update on progress of the Finance Extensions and the Recapitalisation Plan

As was discussed at the recent round of shed meetings progress has been made on the extension of the Company's finance facilities and the Recapitalisation Plan.

\$50M AUSTRALIAN DOLLAR NOTEHOLDERS EXTENSION

1. On 23 January 2018, the Noteholders approved, by way of Circulating Resolution, the extension of the term of the Notes for a period of 12 months, with the Notes now maturing on 5 April 2019.
2. It was agreed that the extension of the term of the Notes, and the other amendments set out in the Circulating Resolution, would only take effect if Mackay Sugar's secured banks agreed, by no later than 5.00pm (Sydney time) on 2 March 2018, to extend the issuing bank facilities to 2 March 2019.

BANK FACILITY EXTENSION

3. The Company has continued to progress the extension of the existing facilities with Rabobank and National Australia Bank.
4. The terms for the extension of the facilities, for a period of 12 months to 2 March 2019, have now been agreed and formal documentation has been executed.
5. The extension conditions include the banks being satisfied with the progress of the Recapitalisation Plan.

Now that the extension of the finance facilities has been completed the Company is able to concentrate on the Recapitalisation Plan knowing that it has the support of its financiers through the process. By way of update, Mackay Sugar advises as follows:

RECAPITALISATION PLAN

6. The Recapitalisation Plan is tracking broadly in-line with the proposed timetable
7. The Company has established a detailed data room to facilitate the due diligence process.
8. We received a number of indicative offers prior to Christmas and there are currently several parties at various stages of undertaking their due diligence via the data room.
9. Each of the parties and Mackay Sugar has signed confidentiality agreements, so we are not able to disclose the names of the parties currently involved.
10. It is expected that due diligence will be completed around mid-April 2018.
11. At that stage the potential bidders will determine if they will make a formal binding bid.
12. Any bid will be subject to receiving regulatory approval (ACCC and FIRB) where necessary.
13. Ultimately any bid will only proceed if it is approved by 75% of Mackay Sugar shareholders.

MOSSMAN

14. The Company is also separately running a process for the sale of Mossman mill as a stand-alone asset.
15. Any stand-alone sale of Mossman mill will only proceed if the investors considering the Recapitalisation Plan do not wish to include the Mossman assets and the Directors are satisfied the sale is in the best interest of shareholders.
16. A heads of agreement has been signed and due diligence is being undertaken.
17. Mackay Sugar has signed confidentiality agreements, so we are not able to disclose the names of the parties currently involved.

As advised at the shed meetings we will continue to provide regular updates as the Recapitalisation Plan progresses.

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

Mark Day
CHAIRMAN AND CHIEF EXECUTIVE OFFICER