



21 May 2018

CIRCULAR TO SHAREHOLDERS AND GROWERS

At this stage our expected start dates for the 2018 crushing are:-

FARLEIGH	Monday afternoon, 28 May
MARIAN	Tuesday afternoon, 29 May A side crushing train
	Thursday afternoon, 31 May B side crushing train
RACECOURSE	Monday afternoon, 4 June

Steam trials will be held as follows:-

FARLEIGH	mid this week
MARIAN	later this week
RACECOURSE	29/31 May

We would normally announce our start dates earlier to the growers however as I mentioned previously, we have struggled to get sufficient trades labour throughout the maintenance season. Thank you to the grower-tradesmen who came in to assist. Our people are still working long hours to cover the trades labour shortfall in order to meet these expected start dates, and we are currently working through some of the pre-season commissioning issues.

All the milling trains have had a good level of maintenance this season. The process stations in the factories have also had a reasonable amount of essential work completed, but there is still a backlog of work to do for future seasons. Everyone is doing their best to finish off the maintenance season, however until we have had successful commissioning of the new equipment, had steam through the factory at pressure and complete the various control system checks we will not be ready to start the 2018 season.

On the rail network side, the rolling stock is ready. Locos and cane bin maintenance is complete and bin taring is underway at all sites. The rail infrastructure maintenance is almost complete with Reliance Creek bridge near Farleigh being finished this week. Summerset Creek bridge near Wagoora is expected to be finished towards the end of next week. We have had delays in acquiring a 220 tonne crane to complete the Summerset Creek bridge works however this is now underway.

In setting the start dates, we used in the calculation:-

- the 5.09Mt crop estimate;
- targeted a finish in the third week in November;
- added in 'average' in-season wet weather stops; and
- mill performance estimates (crush rate and reliability) just marginally better than last season.

This information was then used to calculate back to a start date. All of these variables will likely change through the season so at this point in time it is a budget estimate.

We communicated and discussed these start dates (although with Marian and Farleigh dates swapped around) and parameters at meetings held with CANEGROWERS/ACFA Mackay Area Committee, and a joint meeting of most IBRs (unfortunately not all IBR's could attend). Both meetings were open and productive and there was general consensus around the start dates.

In addition we discussed the proposed Annexure A changes, which had modifications at the meetings to clarify some of the previously proposed clauses.

There was some concern expressed around the level of cane supply that would be available at the start of the season, so hopefully this can be addressed with the staggered start dates listed above. The issue with delaying the start dates too long is that we put more cane at risk of standover and we would like to minimise this risk for all parties.

In situations like this, with 900 individual minds focussed on the clauses in the Cane Supply Agreement, it is never possible to get 100% consensus. Despite having positive closure at the meetings, some IBRs have indicated after the meeting that they do not agree (some of whom were at the meeting and some who did not attend). In a situation like this, we need to make a call and move forward in the best interest of everyone.

Please continue to liaise with cane supply on your individual harvest start dates. I will send out another note next Monday to provide an update after we have completed the steam trials at Marian and Farleigh, to let you know if we have any further issues to resolve before starting the season.

Here's hoping for a safe and successful 2018 crushing season. If we work together we will get the best result with what lays ahead.

Regards,



Mark Day
EXECUTIVE CHAIRMAN AND CEO