



28 February 2019

COMPANY UPDATE

Nordzucker Transaction

It was good to see the number of people who attended the MECC briefing and the full round of shed meetings. This provided us with an opportunity to explain the deal and answer your questions. This week we have also had small groups come into Racecourse to answer further questions.

The MSL managers have also held briefings with the workforce in Mackay. The general thought in the mills is that people are looking forward to having the ability to restore mill performance so that we can reliably crush larger crops in the future.

If I were to pick out one phrase that was stated at all meetings, it would be:

"There are some elements we are not so happy about but given the circumstances we believe we need to do this to have a good future. The alternative is not a viable option."

At the moment we are fully focussed on progressing the conditions we need to satisfy to complete the transaction which also includes the voting process we will go through.

Next week members from the Nordzucker Executive Board will be here for a round of shed meetings. Donna has already sent out notice for these meetings. This will be your opportunity to talk directly to the Nordzucker CEO Lars Gorisson, COO Axel Aumuller and Business Development Manager Michael Gerloff. They are looking forward to spending this time with you.

At the moment, working through this process with all the parties is my main focus.

Maintenance and Capex

The work program is progressing well. Given we have had very favourable weather for crop growth in the last month, the Board decided to approach the banks to delay a principal payment so that we could complete another \$5M of capital and maintenance work. That has been approved and the work is underway. The jobs targeted will be focussed on known rate and reliability issues, to help crush this season's crop.

Grower Choice

The grower choice of marketing is continuing until 5 March and the main outcome MSL wants to see is that growers avail themselves of opportunities to take up pricing when there are opportunities to achieve higher pricing. As your profitability improves, the industry has more cane and is more competitive in the global market for both the growers and the mill together.

While some of the banter between the marketers has been somewhat amusing, there is a line of conversation being promoted that your cane payments will be more secure with QSL, to protect you if MSL goes into receivership. This is nonsense. A similar argument could be put the other way with the pending outcomes of the case Wilmar has in the courts against QSL!

We have a bid from Nordzucker which is a company that dwarfs QSL in terms of balance sheet.

It will be good to see this phase closed on 5 March.

Again, thank you for your questions and understanding throughout this process. It is not easy for anyone but we have the feeling that all the participants in the industry in Mackay understand they need to work together so that it can again prosper in the future for the next generation.

A handwritten signature in black ink, appearing to read 'Mark Day'.

Mark Day
EXECUTIVE CHAIRMAN and CEO