



30 April 2018

Circular to Growers and Shareholders Update on progress of the Mackay Sugar Recapitalisation Plan

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.

The extension of the term of the Notes, and the other amendments set out in the Circulating Resolution, were subject to Mackay Sugar's secured banks agreeing, by no later than 5.00pm (Sydney time) on 2 March 2018, to extend the issuing bank facilities to 2 March 2019. The secured banks approved that extension.

As set out in clause 2.13 of the Explanatory Memorandum accompanying the Circulating Resolution, Mackay Sugar agreed to provide a formal Noteholder update on progress of the Mackay Sugar Recapitalisation Plan every two months, with the first update having been issued on 28 February 2018.

By way of further update, Mackay Sugar advises as follows:

Recapitalisation Plan

1. The Recapitalisation Plan is tracking slightly behind the timetable set out in section 2.13 of the Explanatory Memorandum.
2. The Company has continued to update the data room to address document requests issued by the potential bidders who are advancing with their due diligence process.
3. We continue to progress the due diligence process by providing detailed responses to questions raised through the process by the interested parties and we expect they should soon be at a stage where their commercial, financial and legal due diligence will be completed.
4. Because we have signed confidentiality agreements we are not able to disclose the names of the parties currently involved.
5. The interested parties have each made extensive site visits to Mackay and Mossman with their respective advisers and have held discussions with the relevant industry parties.
6. It is expected that due diligence will now be completed around end-May 2018.
7. At that stage the potential bidders will determine if they will make a formal binding bid.
8. Any bid will be subject to receiving regulatory approval (ACCC and FIRB) where necessary.
9. Whilst the due diligence process has been delayed, the Board's expectation is that, subject to an acceptable bid being received, the process can still be completed by December 2018.

Mossman

10. The Company is also continuing with its separate process for the sale of Mossman mill as a stand-alone asset.

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11. 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.
 12. A heads of agreement has been signed and due diligence is being undertaken.
 13. Mackay Sugar has signed confidentiality agreements, so we are not able to disclose the names of the parties currently involved.

2018 Season

1. We are currently finalising the budget for the 2018 crushing season.
2. Initial crop estimates are 5.09 million tonnes for Mackay and 1.15 million tonnes for Mossman.
3. It is expected that there will be a significant surplus of raw sugar in the export market for the 2018 season and this will have a negative impact on sugar prices for both the miller and growers. This will continue to put pressure on Mackay Sugar's budget for the 2018 season.

Yours sincerely



Mark Day
CHAIRMAN AND CHIEF EXECUTIVE OFFICER