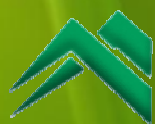




Special General Meeting & Briefing Meeting

12 April, 2011



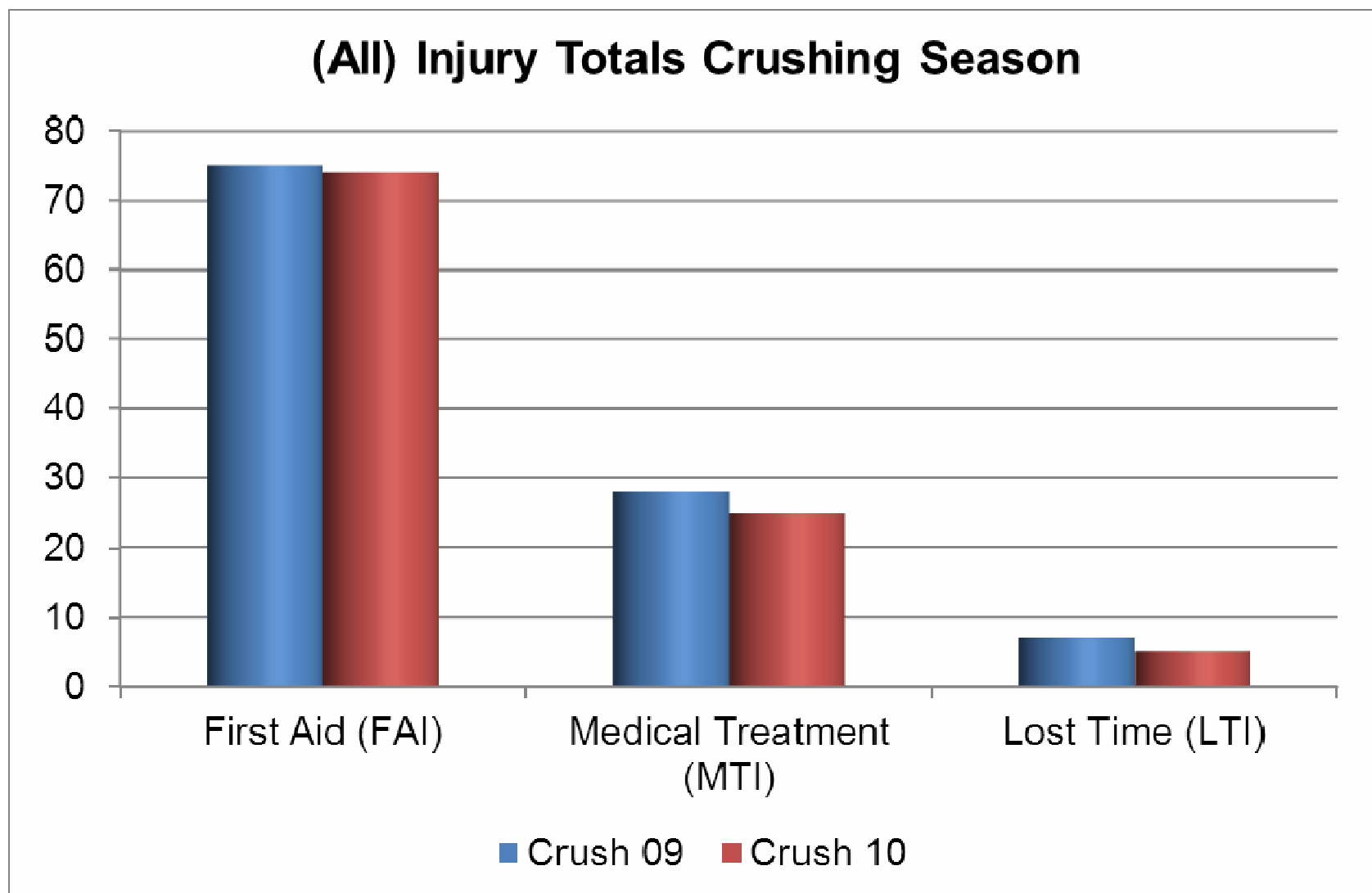
Mackay
Sugar
Limited

Growing the Future



Update Briefing

Safety: 2009 – 2010 Crush Statistics



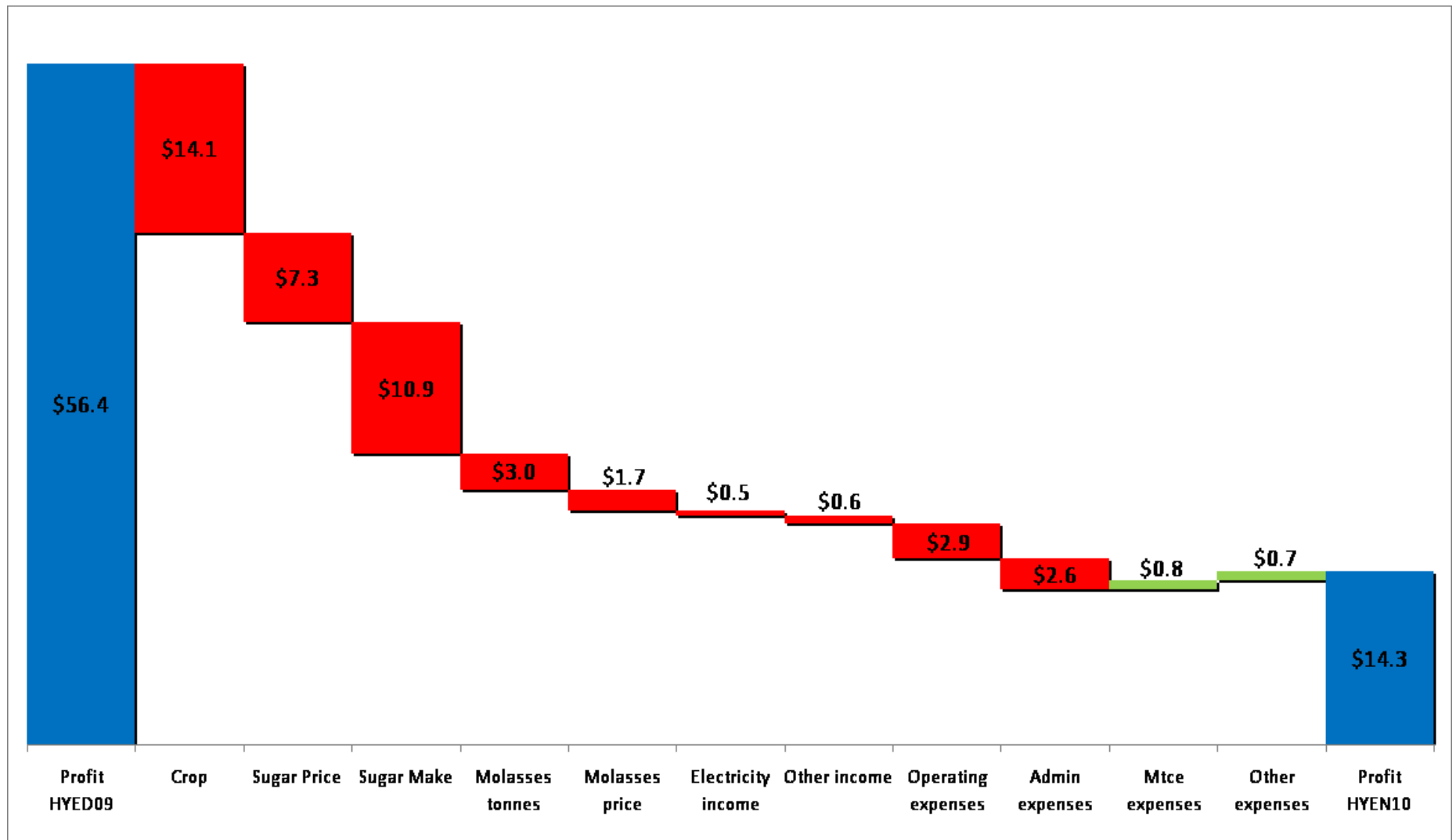


Finance Update

Income Statements – Half Year (\$'M)

	Jul to Dec 2009	Jun to Nov 2010	Comments
Revenue from operating activities			
Revenue	286.4	211.4	192,140 tonnes IPS less; price ~\$23 per tonne lower
Finance revenue	0.3	0.4	
	286.7	211.8	
Changes in inventories of finished goods	75.9	52.5	153,300 tonnes on hand vs 228,000 in 2009
Cost of sales	-236.0	-175.8	
	126.6	88.5	
Revenue from non-operating activities	0.1	0.2	
Maintenance expenses	-18.9	-18.1	
Operating expenses	-31.3	-34.2	
Administration expenses	-16.8	-19.3	Half year ended in Nov vs Dec in 2009
Distribution and marketing expenses	-2.3	-2.4	
Depreciation	-4.9	-4.4	Decrease in tonnes crushed
Finance costs	-2.7	-2.5	Lower average balance of borrowings
Other expenses	-0.2	-0.2	
Share of net profit of SAJV&NZSC	6.8	6.6	
Profit for the period	56.4	14.2	

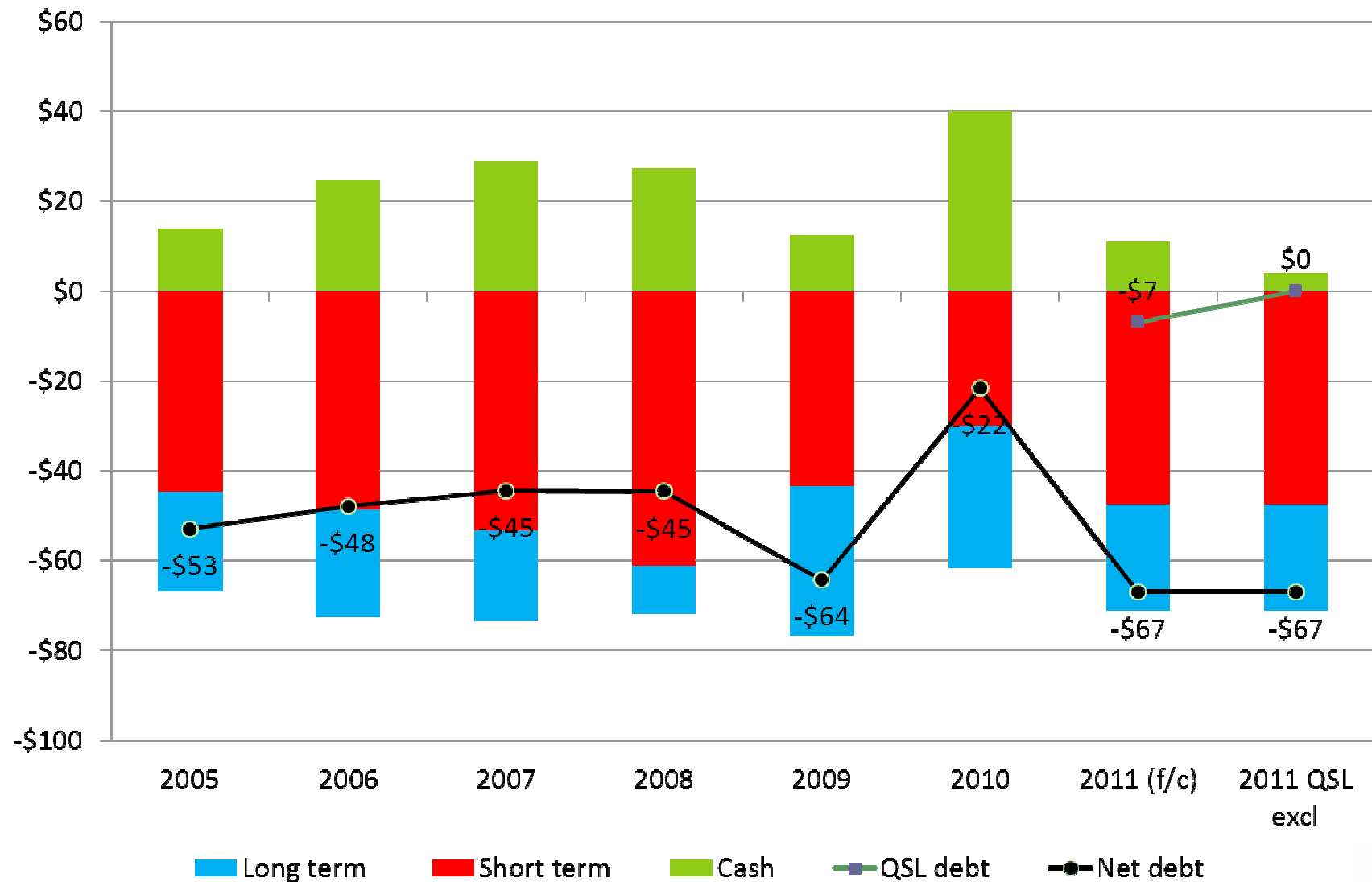
Profit – First Half Financial Year 2009/2010 (\$'M)



Statement of Financial Position

	December 2009 \$'000	May 2010 \$'000	November 2010 \$'000
Assets			
Cash and cash equivalents	33,609	39,834	44,318
Trade and other receivables	53,551	24,427	42,352
Inventories	99,513	19,857	73,293
Assets held-for-sale	-	7,921	6,810
Other financial assets	18,224	29,707	22,204
Investments: the equity method	102,275	87,790	95,589
Property, plant and equipment	184,144	193,056	204,612
Total assets	491,316	402,592	489,178
Liabilities			
Trade and other payables	116,636	68,401	95,200
Other financial liabilities	53,128	13,579	62,839
Interest bearing liabilities	92,882	61,662	88,514
Total liabilities	262,646	143,642	246,553
Net assets/shareholders' equity	228,670	258,950	242,625

Net Debt as at the end of the Financial Period (\$'m)



Hedging as at 7 April 2011

IPS Sugar Crop Base

828,958

Long Term Sugar Swaps Summary - Miller only

Season	IPS tonnes	Price	% Priced
2011	197,389	434.29	63%
2012	181,765	426.12	58%
2013	140,687	428.60	45%
2014	18,858	428.19	6%

Long Term Sugar Swaps Summary - Grower only

Season	IPS tonnes	Price	% Priced
2011	199,360	430.13	39%
2012	169,729	429.54	33%
2013	97,016	430.36	19%



Cogeneration Update

Summary of Events

- ② 25 November 2010 AE&E Australia enter Voluntary Administration
- ② 24 December 2010 Settled with Administrator to take over the contract
- ② 1 January 2011 Employed Project Team and established Sydney Office
- ② 15 January 2011 Bank Guarantee for \$9.5m received
- ② End January 2011 Novated all 16 contracts from AE&E to MSL

Bank Engineer's Report

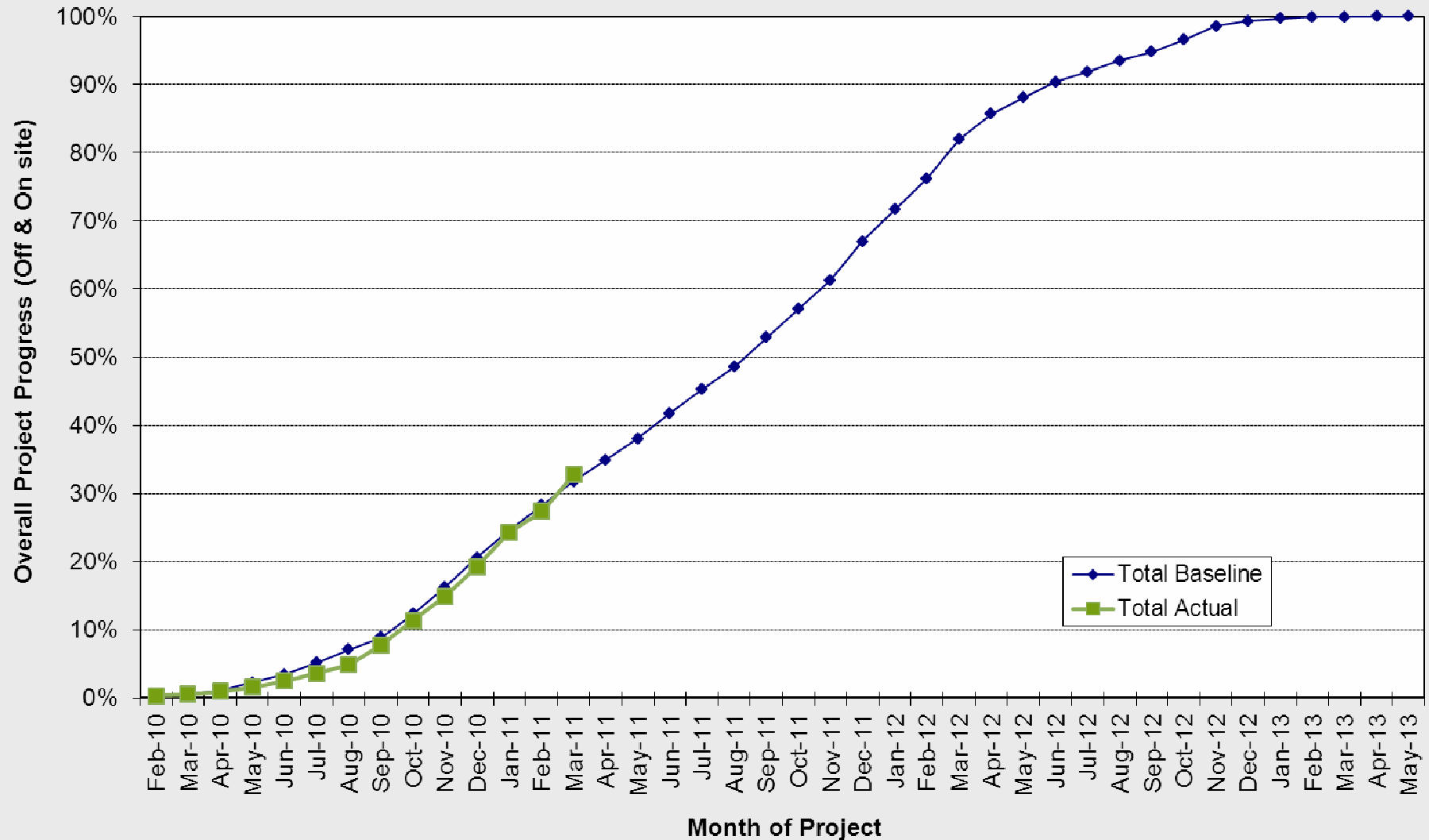
- © Extracts from the Sinclair Knight Mertz (SKM) Report dated 4 March 2011:

“Based on the information available at the time of our review we consider that the project is on track for completion by the scheduled completion date of 1st February 2013”.

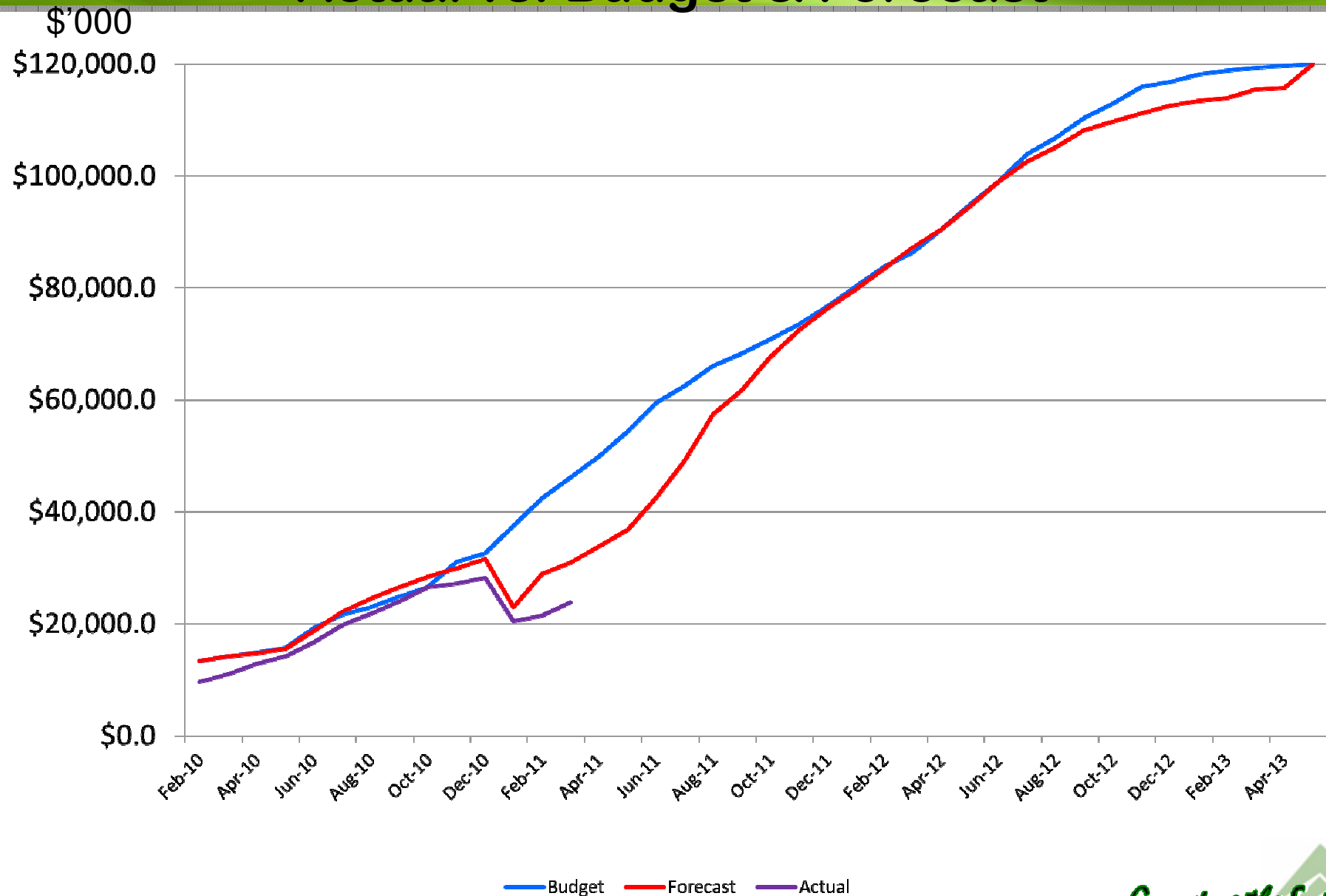
“We conclude that the project contingency is appropriate to cover the risks of the project”.

Cogeneration S Curve

RacCogen Progress S-Curve
(Overall Project)



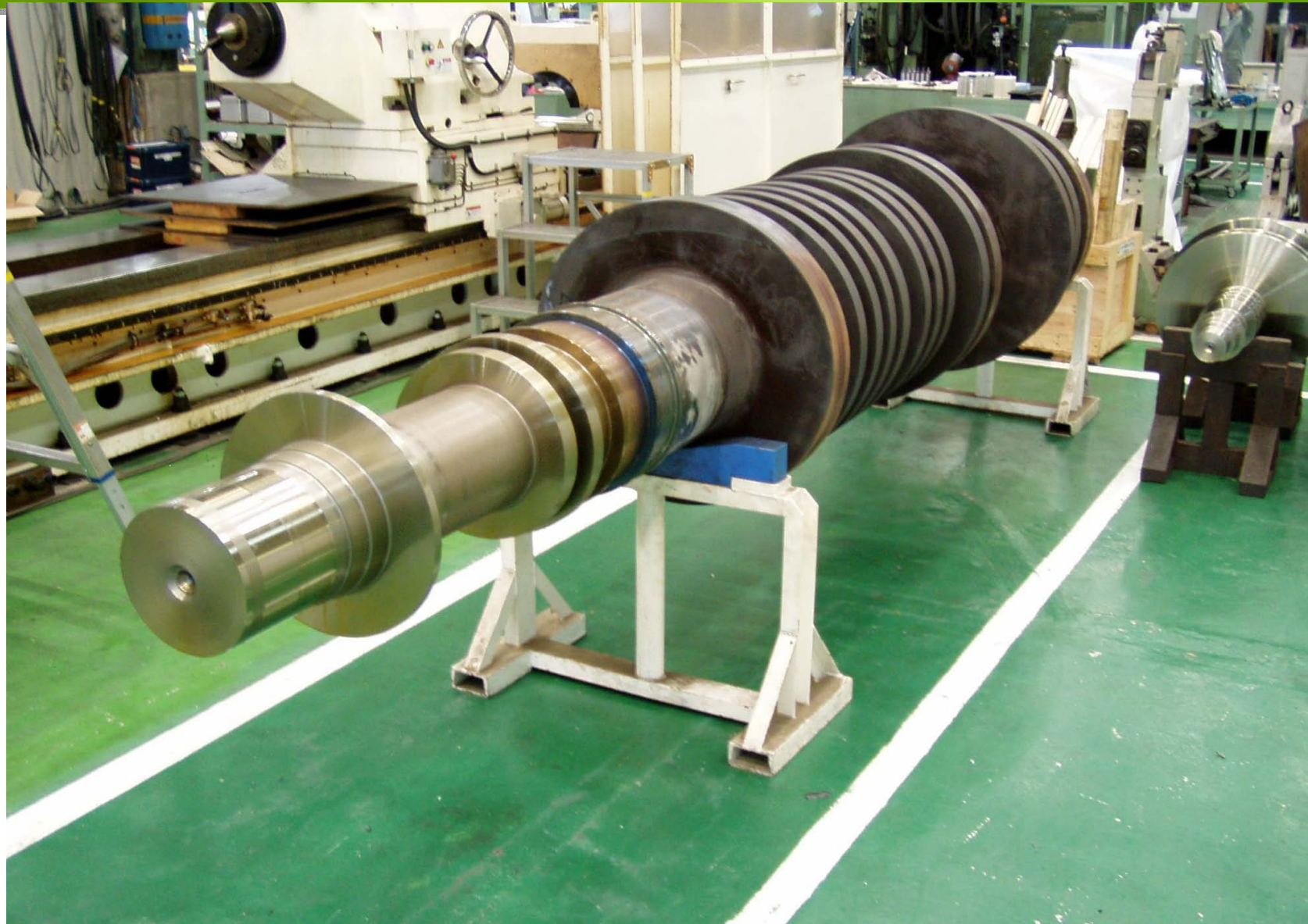
Cogen Investment Actual vs. Budget & Forecast



Status of the Plant

- ⊙ Replacement switchroom commissioned
- ⊙ Boiler control room operational
- ⊙ Old boiler demolition underway
- ⊙ Fabrication of pressure parts on track
- ⊙ STG components on track
- ⊙ Electrical contracts placed
- ⊙ Civil contractor to begin by July with erection in September

Rotor for Steam Turbine





**Proposal to form
a larger Grower-controlled entity
to better serve the long-term interests
of our Shareholders**

Disclosure Requirements

- ⊙ Mackay Sugar Limited (**Mackay**) is a disclosing entity in terms of the Corporations Act and accordingly has strict obligations governing what and when information can be disclosed.
- ⊙ Mackay also has obligations of confidentiality to Tully Sugar Limited (**Tully**), the Mossman Central Mill Company Limited (**Mossman**) and potential financiers/investors, which also restricts Mackay from disclosing certain information.
- ⊙ Any information disclosed to one shareholder needs to be disclosed to all shareholders and the market (this presentation has accordingly already been placed on the MSL website).

Disclosure Requirements (contd.)

- ◎ The Corporations Act prohibits a company publicly proposing or announcing a potential bid for another company unless it is assured of proceeding to make the bid within two months. At this stage, no bid has been announced by the proponents of the Grower-Controlled entity. As a participant, MSL is limited in what it can say to its shareholders about any potential bid and related arrangements.
- ◎ This presentation is intended to provide an update on the activities of MSL in respect of the creation of a larger grower-controlled milling entity, the rationale for this initiative and the objectives of MSL in pursuing this course of action on behalf of its shareholders.
- ◎ MSL expects to be in a position to disclose further details of its plans to be part of this initiative before the end of April 2011.

Background

August 2009	Maryborough Sugar (MSF) launch bid for Tully Sugar Limited (TSL).
April 2010	MSF bid does not attain Board or Shareholder support and is withdrawn.
February 2010	Mackay Board tours the north Queensland sugar industry to initiate support for a larger milling company.
November 2010	MSL acquire a 4% stake in TSL.
December 2010	Bunge Australia Limited (Bunge) announce offer for TSL at \$41 per share.
February 2011	Bunge offer does not attain the required 75% support to amend the Tully Constitution and offer is withdrawn.

The Steering Committee

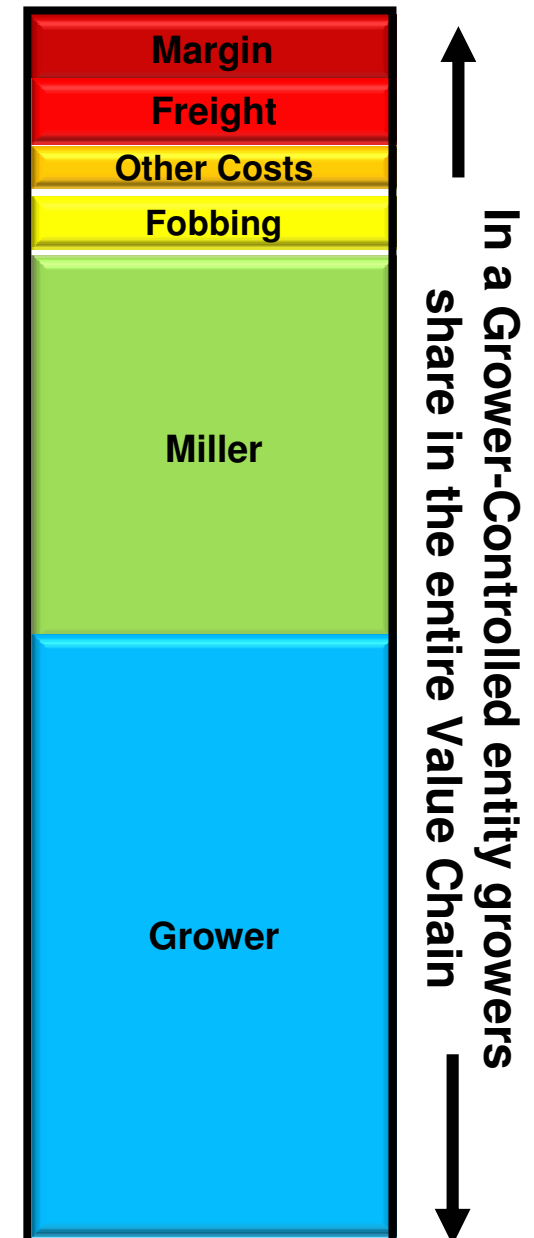
In March a six-person Steering Committee was formed made up of two representatives of each company:

- ◉ Dr Ralph Craven (Chairman) and John King (Chief Executive Officer), Tully Sugar Ltd;
- ◉ Bill Phillips-Turner (Chairman) and Maurie Maughan (Director), Mossman Central Mill Company; and
- ◉ Andrew Cappello (Chairman) and Ray Magill (Deputy Chairman), Mackay Sugar Ltd.

The Steering Committee met three times with a view to developing a business case to take back to the Boards of the three companies involved.

The case for a Grower-Controlled entity

- ◉ Cane supply is the foundation of a milling business – “tonnes through the rollers” largely determines a profitable milling enterprise.
- ◉ Cane supply is dependant on the financial returns to the grower.
- ◉ Grower returns are enhanced through sharing in the risk and the reward of processing and marketing of the sugar.
- ◉ A Grower-Controlled entity provides the true price signals to growers through a transparent marketing and pricing arrangement.
- ◉ The linkage between production and access to the markets, through efficient storage and handling is maintained.
- ◉ A Grower-Controlled entity has greater incentive to continue to invest in sugar industry research and development for the benefit of the entire supply chain.



Why form a larger milling entity

- ◎ Capture synergies (cost savings and value-add opportunities)
- ◎ Improved diversification
- ◎ Preserve marketing strengths

Why form a larger milling entity - Synergies

Economies of scale and natural synergies provide cost savings and value addition opportunity



**Synergies of over \$7M p.a.
estimated for a combined entity
(Mackay, Tully and Mossman)**

Note: People-related savings
to be attained through natural attrition
as no redundancies planned

Why form a larger milling entity - Diversification

- ◎ A wider geographical base, mitigating impacts of major weather events;
- ◎ A diversified business structure, which includes:
 - ◎ sales in domestic and international raw sugar;
 - ◎ sales of brown and refined sugar in Australia and New Zealand;
 - ◎ sales of molasses; and
 - ◎ guaranteed revenue from an electricity co-generation six year contract with Ergon Energy.
- ◎ Raw materials and financial resources to expedite further large scale diversification projects

Diversification should result in a business that provides greater financial certainty to growers and shareholders.

Why form a larger milling entity - Marketing



- Our exports compete in a global market and currently QSL captures significant value (+/- \$50M p.a.) for sugar industry participants
- Should the arrangements with QSL change in the future, some of the value is preserved in a merged entity that would have:
 - critical volume in export sugar
 - improved funding and market risk capability
 - logistics and sugar quality flexibility (access to multiple terminals)

This is estimated to be worth \$1/t cane.

* MSL Estimate

What is required for a successful transaction

- ⊙ An appropriate corporate structure to deliver the benefits of a combined milling entity.
- ⊙ An offer to Tully shareholders of \$41/share; an opportunity for Tully shareholders to participate in the Grower-Controlled entity.
- ⊙ An agreed mechanism that values Tully, Mossman and Mackay on a comparative basis linked to the cash offer that is paid to Tully shareholders.
- ⊙ The opportunity for Mackay and Mossman shareholders to also elect to cash in a portion of their shares at this comparative price level.
- ⊙ Strategic investors that are willing to be minority shareholders in a Grower-Controlled entity.

Key issues being considered

- ⊙ The constitution of the Grower-Controlled entity
- ⊙ Investor participation
- ⊙ Maintenance of tax losses where appropriate
- ⊙ Minimising tax consequences on shareholders
- ⊙ Stamp duty
- ⊙ Transaction structuring and documentation
- ⊙ Future operational arrangements

What is in it for Mackay Shareholders

The Board is seeking to develop a proposal with the following key elements:

- ⊙ Grower-Control (i.e. the majority of the shares are owned by supplying growers; majority of elected grower directors on the Board)
- ⊙ Investors who are long-term sugar industry players who add value to business
- ⊙ Potential to increase in the value of your shares
- ⊙ Retention of your existing cane supply agreements
- ⊙ Continuation of transparent marketing and pricing arrangements per the current arrangements through QSL.
- ⊙ The option for Mackay shareholders to elect to cash out a portion of their shares at a level comparative to the proposed Tully price level

Conclusion

We are working to deliver:

- ③ A strong Grower-Controlled sugar business that includes Tully and is a platform for others to join;
- ③ The option for MSL shareholders to elect to cash out a portion of their shares at a price comparative to the Tully price;
- ③ A business that values its growers and invests in their long-term needs through research, development and infrastructure upgrades;
- ③ An entity committed to a transparent pricing system for determining the value of cane; and
- ③ A business with diversified income streams and the protection of a broad geographic spread of its key assets.