

1 May 2014

Dear Grower,

Re: Agreement to settle the Sugar Australia Claim

You would be aware that CANEGROWERS Mackay and Mackay Sugar have been in dispute following advice of Mackay Sugar's intention to apportion to growers 62.33% of the costs associated with the Mackay Sugar Limited/Sugar Australia dispute following judgment of the dispute being awarded in favour of Sugar Australia.

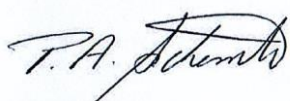
With both parties, CANEGROWERS Mackay and Mackay Sugar Limited, facing the prospect of the expenditure of considerable funds in legal costs in pursuit of an outcome to this dispute, efforts were initiated to reach a settlement on this matter.

To this end, it has been agreed that the liability of \$3.9m will be shared on a 50/50 basis by Mackay Sugar and growers. This is a reduction of a possible liability of 62.33% to 50% for growers, that is growers will pay 50% of \$3.9m.

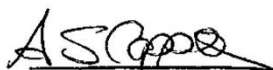
The decision has been taken in the best interests of the future of the local industry.

In addition to the sharing of costs, it has been agreed that a review of the Annexures of the Collective Cane Supply and Processing Agreement will be undertaken to provide greater detail and clarity of the Annexures and the dispute resolution processes.

In conclusion, as the Cane Pay Advances had already been adjusted by Mackay Sugar to accommodate the deductions from growers' cane pays, the payment of the agreed grower contribution of 50% has in essence already taken place and growers should see little difference in their remaining cane pays.



Paul Schembri
Chairman
Mackay Area Committee
CANEGROWERS Mackay



Andrew Cappello
Chairman
Mackay Sugar Limited



Steven Fordyce
Mackay Representative
Australian Cane Farmers
Association