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NEW TERMINAL OPERATING AGREEMENT AND TRANSITIONAL ARRANGEMENTS IN PLACE FOR 2017 SUGAR SEASON

Sugar Terminals Limited (STL, NSX: SUG) and Queensland Sugar Limited (QSL) today signed a strategic Operating Agreement and agreed transitional arrangements for the operation of Queensland's six bulk sugar terminals for the 2017 sugar season.

Key elements of the Operating Agreement are as follows:

- The agreement will commence on 1 July 2017 and includes transitional arrangements to deal with 2017 season sugar received prior to 1 July 2017.
- The agreement will have an initial five-year term, with a three-year rolling term thereafter.
- Marketers and terminal users, including QSL, will contract directly with STL for terminal access.
- QSL has agreed to "ring fencing provisions", similar to those in place in other industries, to ensure its Logistics Division and Marketing Division are managed and operated separately, thus addressing industry concerns about confidentiality and conflicts of interest.

STL Chairman Mark Gray said the Operating Agreement is very good news for the industry and STL shareholders, providing confidence and certainty that the new terminal operating model is in place to meet the needs of the sugar industry.

"STL is well positioned to oversee the implementation of the new terminal operating agreement, with a strengthened board and management team now in place. We look forward to working closely with QSL over the next month as we complete preparations for the start of a more dynamic, more competitive environment," he said.

QSL Chairman Guy Cowan said the new Operating Agreement not only ensured the terminals remained under the care of QSL's experienced terminal operations team, but provided the entire Queensland sugar industry with important stability moving forward.

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"The careful management of these critical industry assets is imperative to the future success of the Queensland sugar industry. QSL has long been an integral part of this success and we look forward to continuing our contribution in this space for many years to come," he said.

The new Operating Agreement is the result of extensive negotiation and consultation with industry stakeholders over the past 18 months. Together with STL's new Storage and Handling Agreements, it is aligned with the five guiding principles established by STL and QSL early in 2016:

1. Open access for all terminal users.
2. Equitable and compliant pricing and access terms.
3. A competitive offering with excellent service and tight cost control.
4. Preserving and enhancing long term asset value.
5. Responsiveness to potential opportunities and threats.

STL update on Storage and Handling Agreements with terminal users

STL has been in discussion with terminal users and other industry stakeholders on key aspects of STL's Storage and Handling Agreements since late 2016.

Mr Gray said that positive outcomes had been achieved by working closely with terminal users, with first sugar deliveries of the 2017 season received late last week under the terms of the new Storage and Handling Agreements.

"We have covered a lot of ground over the last five months and the outcome is a credit to all users, who bring varying views and priorities in a multi-user competitive marketing environment," he said.

STL will continue to work closely with terminal users to ensure a smooth transition to the new Storage and Handling Agreements.

ENDS

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