1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the QSL Target Price Pool for the applicable Seasons will be determined in accordance with these QSL Target Price Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Target Price Pool is calculated, it is important to read each of these QSL Target Price Pool Pricing Pool Terms. The key features of the QSL Target Price Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the Target Price Pool;

(b) Forward Season Pool – Participants are able to price Raw Sugar allocated to the QSL Target Price Pool for:

(i) up to 3 Seasons in advance of 3pm on any Business Day up to the Pricing Completion Date for the relevant Season (such that in the period up until 3pm on the Pricing Completion Date it is possible to price Raw Sugar in the QSL Target Price Pool for the 2018, 2019 or 2020 Seasons); and

(ii) during the current Season up to 3pm on the Pricing Completion Date;

The Pricing Completion Dates for the relevant Seasons are specified in the table below:

<table>
<thead>
<tr>
<th>Season</th>
<th>Pricing Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Season</td>
<td>19th April 2019</td>
</tr>
<tr>
<td>2019 Season</td>
<td>18th April 2020</td>
</tr>
<tr>
<td>2020 Season</td>
<td>16th April 2021</td>
</tr>
</tbody>
</table>

If QSL closes the QSL Target Price Pool (in accordance with the Common Pool Terms), Participants will no longer be able to allocate further Raw Sugar to this Target Price Pool, but it will continue to operate in respect of Raw Sugar which has already been priced (including in future Seasons) prior to it being closed;

(c) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to the QSL Target Price Pool (see the Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to the QSL Target Price Pool (see the Common Pool Terms for further details);

(d) A Pricing Platform Pool – such that the provisions of the Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL Target Price Pool (including the 1:2:2:1 Fixed Pricing Exposure to ICE 11 Futures);

2 TARGET PRICE POOL

The QSL Target Price Pool aims to provide opportunities to Participants (and indirectly their Growers) to fix the Gross Price Element for a nominated tonnage if the market trades to an AUD target price ahead of the Season in which that Raw Sugar is produced, or within the Season that the raw sugar is produced.
QSL TARGET PRICE POOL
PRICING POOL TERMS

5 QSL TARGET PRICE POOL MARKETING AND PRICING

5.1 SETTING THE TARGET PRICE
Participants which allocate Raw Sugar to the QSL Target Price Pool set target prices on an AUD/Tonne Actual basis for the Gross Price Element of the Pool return.

Target prices must be specified in 5 AUD increments. Orders must be for a minimum of 10 tonnes and for a whole multiple of 10 tonnes.

The AUD/Tonne Actual targets will be converted to an AUD/Tonnes IPS target in accordance with the local pricing arrangements between the relevant Grower and Participant.

For RSSA Participants, Growers will set their own targets in accordance with their local pricing arrangements with the RSSA Participan (or the mill owner which is a Related Body Corporate).

For OSA Participants, the target prices will be set based on the elections of the Grower which supplied the relevant GEI Sugar.

5.2 PRICING
QSL will manage orders from Participants in the ICE 11 or OTC market and will price the nominated tonnage once the relevant market reaches the Participant's target price. QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

QSL will price the tonnage in the relevant market on a 'best endeavours' basis, such that QSL will price as much allocated tonnage as market conditions will allow (i.e. as will meet market demand).

Any tonnage priced on any given day will be shared amongst Participants who have unpriced tonnage for the same price target and Season in chronological order in which they were received.

Where tonnage in the Pool remains unpriced 10 Business Days prior to the expiry of the July, October and March ICE 11 Contracts futures positions in the relevant Season, the portion of unpriced tonnage for the relevant ICE 11 Contract futures position shall be rolled to next available ICE 11 Contract futures position. Rolling shall be effected by QSL selling tonnage in the OTC market or directly on the ICE 11 in respect of the expiring ICE 11 Contract futures position and buying tonnage in the subsequent ICE 11 Contract futures position. These rolling transactions move the unpriced tonnage from the expiring ICE 11 Contract futures position forward to be priced against the next available ICE 11 Contract futures position. The cost of the roll transaction will be the difference between the price for the sold and bought tonnage (including foreign exchange cover). The orders placed for pricing after an ICE 11 Contract futures position has been rolled will incorporate the cost of the previous roll transaction(s) and be priced in an adjusted pricing ratio.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of the QSL Target Price Pool compares to the Passive Management Benchmark (which assumes pricing is undertaken in a routine manner by following an evenly spread sales pattern, adjusted for applicable constraints as infrastructure, storage and the time available to price).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL Target Price Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market for the Participant (see clause 4 below). As a result the Gross Price Element may be different for each Participant which allocates Raw Sugar to the Target Price Pool.

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL to achieve the target pricing set by the Participant.
5.3 VARYING ALLOCATIONS AND TARGET PRICE ORDERS

Participants can (in the case of OSA Participants, on request of the relevant Grower which has made the election to allocate the relevant GEI Sugar to the Target Price Pool) amend tonnage allocations and target price orders prior to 3pm on any Business Day up to and including the Pricing Completion Date in the year that crushing commences.

Amendments to allocations and target price orders to the QSL Target Price Pool must occur in multiples of 10 metric tonnes.

5.4 UNPRICED TONNAGE

Any tonnage not priced for a particular Season at the end of each Business Day will be carried forward to be priced at the next market opportunity, provided that the target order is not cancelled or withdrawn, up until the Pricing Declaration Date for that Season.

If a Participant's target price for a Season has not been achieved by the Pricing Declaration Date then:

(a) the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to the Target Price Pool):

(i) cancel unfilled orders for that Season and allocate the tonnage to a current Season QSL Marketed Committed Sugar Pool or the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool); or

(ii) retain unfilled orders or add new orders. New and unfilled orders at this point become Committed Sugar that must be priced by the next 15 April.

(b) If the Participant fails to price any Raw Sugar allocated to this QSL Target Price Pool by the Pricing Completion Date then the remaining tonnage will be priced by QSL at the first market opportunity after the Pricing Completion Date.

6.1 EXISTING PARTICIPANT PRICING

Pricing for a Season may have been undertaken:

(a) by an OSA Participant prior to the relevant OSA being executed on the basis of interim pricing arrangements between the OSA Participant and a Grower or prior to the issue of the Pricing Pool Terms applicable to the relevant Season; and

(b) by an RSSA Participant, in respect of the Target Price Contract Pool or Fixed Price Forward Contract Pool prior to the establishment of the Target Price Pool.

Where that has occurred, each relevant OSA Participant or RSSA Participant may elect to novate that existing pricing to QSL or in the case of pricing already with QSL, cancel those existing orders and place new pricing orders in the Target Price Pool so as to allocate the relevant Raw Sugar to the Target Price Pool, subject to:

(a) the costs of such novation or cancellation (as applicable) being borne by the Participant or relevant Growers; and

(b) the OSA Participant or RSSA Participant (as applicable) having the consent of the relevant Grower(s) for that novation.

6.2 EXISTING DIRECT GROWER PRICING

Pricing for the relevant Season may have been undertaken:

(a) by a Grower (directly with a financial institution) who has subsequently elected to allocate GEI Sugar to the Target Price Pool; or
(b) by an OSA Participant with QSL in respect of the Target Price Contract Pool or Fixed Price Forward Contract Pool, prior to the establishment of the Target Price Pool.

In those circumstances the Grower may elect to novate that existing pricing to QSL or in the case of pricing already with QSL, cancel those existing orders and place new pricing orders in the Target Price Pool, so as to require the OSA Participant to allocate the relevant volume of Raw Sugar to the Target Price Pool, subject to the costs of such novation or cancellation (as applicable) being borne by the Grower.

7 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the QSL Target Price Pool as if they were set out in full in these QSL Target Price Pool Pricing Pool Terms.

8 GLOSSARY

Capitalised terms used in these QSL Target Price Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

9 WHO TO CONTACT?

If you have any queries in relation to these QSL Target Price Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling 1800 870 756.

Disclaimer: As described in this Pricing Pool Terms document (the Terms), you should not make a decision based on these Terms unless you have read and understood the other Pricing Pool Term documents referred to in the Terms. These Terms do not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate Raw Sugar to any Pricing Pool described in the Terms. You should therefore seek your own financial advice before making any decisions in relation to the Pricing Pools.

FURTHER INFORMATION

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