



22 October 2014

Dear Supplier/Shareholders

RE: UPDATE FROM MG REGARDING FARMGATE MILK PRICE (SOUTHERN MILK POOL)

As previously advised, given current market settings, MG has committed to updating supplier/shareholders on its farmgate milk price forecast on a monthly basis.

Having considered the latest market settings, MG is maintaining its opening price and forecast at a weighted-average available milk price of \$6.00 per kilogram milk solids in its southern milk pool. This forecast is subject to changes in external factors such as global dairy prices and the Australian dollar.

MG continues to optimise its sales and marketing mix and reduce costs throughout the business to protect the opening price and our suppliers' interests.

Milk flows from MG suppliers are tracking above last year and it appears the peak milk day for 2014/15 occurred over the weekend. All processing assets in Victoria are operating near capacity including the Rochester and Maffra dryers and the new daily pasteurised processing centres are also performing well. Milk volume growth also supports our goal for higher farmgate returns via improved efficiencies.

Given ongoing market volatility MG recommends caution in farm budgeting until market directions become clearer.

We will again update suppliers in November.

Yours sincerely

Gary Helou
Managing Director