

21 March 2017

Dear Blue Sky Meats Supplier,

TAKEOVER OFFER FROM BINXI

NZ Binxi (Oamaru) Limited today notified us that it had withdrawn its takeover offer for all of the shares in BSM. The offer was subject to a number of conditions that needed to be satisfied by 20 March, in order for the offer to be completed and for Binxi to buy and pay for the shares. Two key conditions were that:

- Binxi needed to obtain OIO consent.
- There was no material adverse change in BSM.

Binxi did not receive OIO consent by 20 March and, in addition, Binxi considered that there was a material adverse change. The 'change' is that the weather has been colder and wetter than expected. These seasonal factors:

- Affected feed availability and slowed the growth of stock, resulting in reduced stock flows during the early months of the season. This reduced BSM's total seasonal processing volumes compared to pre-season forecasts shared with Binxi.
- Limited BSM's ability to operate its rendering plant during certain very wet periods of the season when it was not prudent to irrigate rendering effluent.

We expect that these issues will lead to significantly poorer than expected financial performance for FY17. This decline in financial performance means that the material adverse change condition was not satisfied.

We as directors are very disappointed by Binxi's decision to withdraw the offer. Seasonal weather fluctuations are a well-known and inherent part of farming and the red meat industry. Due to the biological and weather dependant nature of the industry, no two seasons are ever the same in terms of timing and magnitude of stock flows. In addition, we are taking active steps to address this season's limitations on the operation of the rendering plant.

As Binxi has withdrawn the offer, Binxi will not buy or pay for any BSM shares that were accepted in the offer process. Instead, existing shareholders will remain the owners of BSM.

While we remain open to discussing alternative transaction options with Binxi, we also believe that the new business plan outlined to our shareholders at the January 2017 meeting indicates the potential for a 'step change' in BSM's results within the next three financial years. Accordingly, we as Directors will now look to implement, and arrange funding for, that business plan – with a view to maximising value for all shareholders and building on the excellent relationship we have developed with you over the years.

We thank you for your ongoing support as valued and loyal suppliers.

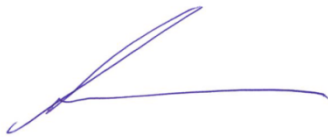
If you have any questions please contact me on 0292 334401.

By and on behalf of the Board of Directors of Blue Sky Meats (N.Z.) Limited.

Scott O'Donnell

Chairman of the Board

Yours sincerely



Scott O'Donnell

Chairman of the Board

Blue Sky Meats (N.Z.) Limited