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FIFTH ANNUAL GENERAL MEETING

25 October 2011



Sterling  Biofuels

PROXY RESULTS

No.	Resolution	For	Against	Abstain	Discretionary
1	Remuneration Report	268,000	4,064,104	31,800,000	5,000
2	Re-election of Director - Mr CRS Paragash	32,065,000	4,057,104	10,000	5,000
3	Re-election of Director - Mr A. Phang	32,065,000	4,057,104	10,000	5,000

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CORPORATE UPDATE



Sterling  Biofuels

PLANTATION DEVELOPMENT

- Successful launch of Growers Scheme in August 2010
- Raised over \$20 million in just over a year
- Physical development on track with over 65% of plantation cleared for planting of which nearly 25% planted with palm trees
- Plantation development professionally valued at \$22 million – values should increase as planting progresses



BIODIESEL DIVISION

- Continued uncertainties plaguing the biodiesel industry validates strategic shift upstream in the oil palm value chain
- Unable to produce at a profit because of high feedstock prices and low biodiesel prices
- Implementation of Malaysian mandatory blend disappointing with only very small volumes being reported
- Involvement in biodiesel sector to be reviewed



MOVING FORWARD

- Continue to focus efforts and resources upstream on our plantation business
- Expand acreage if right opportunity presents itself and financing model in place
- No bank borrowings and assets remain unencumbered



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TEXT OF CORPORATE UPDATE PRESENTED AT FIFTH ANNUAL GENERAL MEETING

Ladies and Gentlemen

The year just ended is significant for two reasons. One, the successful launch of our oil palm plantation Growers' Scheme in Malaysia. And two, validation of our strategic decision to move upstream in the oil palm value chain.

Growers' Scheme

Last August the Malaysian Minister of International Trade & Industry launched our Golden Palm Growers Scheme in Kuala Lumpur. Golden Palm is our 85% owned Malaysian subsidiary that is developing a 4,500 hectare oil palm plantation in Malaysia. The Growers Scheme offers the Malaysian public the chance to share in the profits of the plantation.

Just over a year after its launch, the Scheme has attracted investments of over \$20 million. This has enabled us to accelerate the plantation development. Over 65% of the land has been cleared for planting of which nearly 25% has already been planted with oil palm. We expect our first (albeit small) harvest next year with the palms reaching commercial maturity in 2016.

The plantation has been professionally valued at \$22 million. This value will continue to grow as physical development progresses.

Biodiesel plant

Four years ago we made a strategic decision to move upstream in the oil palm value chain given the uncertainties that plagued the biodiesel industry then. The continued uncertainties that surround the biodiesel industry validate the strategic shift that we made. Although we successfully built a biodiesel plant on time and within budget, and with a proven capacity to produce biodiesel to required standards, we are still unable to produce at a profit. Current feedstock prices and biodiesel prices mean that we would lose about US\$50 for each tonne of biodiesel produced.

A glimmer of hope appeared in June this year when the Malaysian government launched its long awaited mandatory 5% blending program in the central region. However, the rollout of this program has been disappointing with only very small volumes being reported to have been produced to meet the requirements of the mandatory blend program. It remains to be seen how successful the program will be and when (if at all) it will be extended to East Malaysia where our biodiesel plant is situated.

The future

The bleak outlook for the biodiesel industry means we will continue to focus our efforts and resources upstream on our plantation business. With the successful progress of development of our current plantation, we can now look to expand our acreage. However, we will do so only if the right opportunity presents itself and we are able to put in place a satisfactory financing model.

Ladies and Gentlemen

In our Annual Report for 2011 the Chairman referred to technical issues that needed to be overcome in order to unlock the value of our businesses for the company and shareholders. Let me explain a number of those technical issues.

Although we are now in a cash positive position, we continue to show a big loss in our accounts. This is in part because the accounting standards do not allow us to recognize proceeds that we receive from the sale of Grower Plots as revenue. Such proceeds are instead reflected in our balance sheet as a non-current liability. This means that as we continue to sell more Grower Plots, the size of this non-current liability will grow.

The accounting standards also do not allow us to reflect the increase in the value of our plantation in our books. In other words, while the value of our plantation increases as our trees mature, only a small portion of this increase is reflected in our books. But the marketing costs and yield payments under the Growers Scheme are charged directly into the P&L accounts. This means that as we continue to sell more grower plots, the size of our P&L losses will grow.

Despite these quirks in the accounting standards we have, from a cashflow point of view and operationally, had a successful year. We have laid the platform for the future growth of this company in a mature industry – the palm oil industry – that has a long history of positive growth.

Perth
25 October 2011