

14 February 2007

Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

HALF YEARLY REPORTING – ASIC RELIEF

Sterling Biofuels International Limited (Sterling") advises that pursuant to subsection 340(1) of the Corporations Act 2001 ("Act"), the Australian Securities and Investments Commission ("ASIC") has made an order relieving Sterling from compliance with subsection 323D(5) of the Act for the half-year beginning on 25 May 2006 ("Relevant Half-Year") on condition that:

- (a) The Relevant Half-Year shall be the period beginning on 25 May 2006 and ending on 31 December 2006.
- (b) The notes to the financial report of Sterling for the Relevant Half-Year include an explanation of the relief and a summary of the reason for the relief.
- (c) Sterling give notice explaining the relief and a summary of the reason for the relief to ASX for release to the market.

Explanation of relief provided by ASIC Order

The ASIC order gives Sterling relief from the obligation to lodge its half year financial report in respect of the period 25 May 2006 to 2 December 2006 under subsection 323D(5) of the Act subject to it preparing and lodging a half yearly financial report for the period from 25 May 2006 to 31 December 2006.

Explanation for seeking relief from ASIC

Sterling sought ASIC relief from the obligation to lodge its half year financial report in respect of the period 25 May 2006 to 2 December 2006 under subsection 323D(5) of the Act on the following grounds:

- Sterling was inactive from incorporation until the acquisition of its now 100% subsidiary, SPC Biodiesel Sdn Bhd (incorporated in Malaysia), at the end of July 2006

- Sterling was operationally inactive until the time of its listing on ASX on 25 September 2006
- Sterling is already in the final stages of preparation and audit review of its half year accounts for the period 25 May 2006 to 31 December 2006
- Sterling has already prepared and lodged for release to ASX quarterly financial information for the quarters ended 30 September 2006 and 31 December 2006. The market or other potential users of the financial statements would normally be expecting half yearly accounts that end on 31 December 2006
- If Sterling was required to lodge half yearly accounts to 2 December 2006, under accounting standards, to provide realistic comparatives against the 31 December 2007 half yearly accounts, it is arguable that Sterling would have to prepare a separate set of accounts for the period ended 31 December 2006.
- The grant of relief will ensure the market is fully informed on Sterling's financial performance for the period 25 May 2006 to 31 December 2006 and financial position at 31 December 2006. This more up to date information will also ensure future half yearly reports are more easily comparable.

Release of half-year accounts

As a result of the relief provided by the ASIC order, Sterling intends to lodge its half year accounts for the period ending 31 December 2006 with ASX on or about 26 February 2006.

Yours sincerely

Tony Walsh
Company Secretary
Sterling Biofuels International Limited