

## **SECOND ANNUAL GENERAL MEETING**

### **CHAIRMAN'S ADDRESS**

Welcome to the second Annual General Meeting of Sterling Biofuels International Limited.

At the time of our last AGM, we had launched our upstream strategy as a means of adding long term sustainable value to the company. I am pleased to say that implementation of this strategy is progressing well.

During the year, we began developing a 4,200 hectare oil palm plantation in Malaysia. Today, we are beginning to plant out our first trees into the ground. Also during the year, we started preliminary work on developing a palm oil mill in the vicinity of our biodiesel plant.

When completed, the plantation development and mill will help mitigate the effects of fluctuating feedstock prices and diversify our revenue and earnings base.

Last year, I said that we stood ready to move quickly to production of biodiesel should palm oil prices fall nearer to their long term historical position. I am pleased to say that after a long period of sustained record prices, palm oil prices have fallen by nearly 65% and are now close to historical averages. This has allowed us to remobilize for production despite a weakening in biodiesel prices.

If, as we expect, biodiesel prices strengthen towards the European summer months, we hope to ramp up production and earn our first revenues from our biodiesel business during the year.

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While that would be good news, we still have a long way to go. The turmoil in global financial markets has added to the growing uncertainty not only for us but for businesses in general.

Nevertheless, we have seen through another challenging year and are ready to face the next year with the belief that we have the right strategy in place for this company.

Once we commence regular uplifting of biodiesel, we will update the market on the outlook for the remainder of the financial year.

I thank you for your support and believe that your patience will ultimately be rewarded.

I now invite our Group Managing Director, Mr Paragash, to give you an operational update for the year.

**Alister Maitland**  
**Chairman**

**7 November 2008**

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