

3 June 2008

ASX ANNOUNCEMENT

### SUCCESSFUL CLOSURE OF FEEDSTOCK SUPPLY CONTRACT

Sterling Biofuels International Limited ("SBI" or the "Company") wishes to announce that it has successfully concluded negotiations with its feedstock provider, LDEO, to close its feedstock contract.

Under the feedstock contract, SBI was obliged to take delivery of a minimum of 2,000 metric tonnes (mt) and a maximum of 4,000mt of palm olein a month until 30 June 2010.

Management is of the view that closing the contract early is preferable in the current circumstances. Closure of the feedstock contract is in line with the Company's feedstock management strategy to secure alternative supply at lower prices and position itself to take advantage of any forward reduction in feedstock prices. Closure of the contract also enables the Company to pursue alternative feedstock (including other palm variants) at lower cost should the opportunity arise. A fee of A\$77,000 will be payable to LDEO to close out the contract.

The Company is confident that the strength and depth of palm oil experience within the management team and its' extensive network within the palm oil industry will enable it to secure feedstock supplies for purposes of production in future.

#### For further information, please contact:

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