



23 November 2007

## **CHAIRMAN'S ADDRESS TO THE 2007 ANNUAL GENERAL MEETING OF STERLING BIOFUELS INTERNATIONAL LIMITED**

### **CHAIRMAN'S ADDRESS – Mr Alister Maitland**

It gives me great pleasure to welcome you to the first Annual General Meeting of Sterling Biofuels International Limited.

This startup period for the Company has been more challenging than we expected. After the successful float by way of an initial public offering, the Company set itself a very tight timetable to build and commission a biodiesel processing plant. This task was achieved on time and slightly under budget.

Concurrently, we established policies and practices appropriate for a new company entering into a specialized manufacturing process. Considerable effort was devoted to contract management and the attraction of high quality staff to carry the venture forward.

However, as you know all too well, the sustained peak in feedstock prices has meant that our new plant remains idle. This required the Company to consider alternative strategies to alleviate the impact of current feedstock prices pending, what we still expect to happen, a correction in these prices.

Mr Paragash will give you a more detailed review in his presentation but it is pertinent to note that our upstream activities should bear fruit in 2 years when the palm oil mill begins to contribute towards our revenue base and our plantation development will do the same in 5 to 6 years.

In the short term, we are managing our cash flows and containing costs so that we are able to see through the next 2 to 2½ years until our upstream activities begin to contribute to the revenue line.

The Management and Board continue to consider the best way of adding long term sustainable value to the company and stand ready to move quickly to production of biodiesel should palm oil prices fall nearer to their long term historical position.

This inaugural phase of the Company has seen Management and staff make a very significant contribution and the Board thanks them for their dedication and commitment.

I now ask the Group Managing Director and Chief Executive Officer Mr Paragash to address the meeting.

**Alister Maitland**  
**Chairman**