
30 May 2007

ASX ANNOUNCEMENT

STERLING BIOFUELS INTERNATIONAL LIMITED - UPDATE

- **Successful commissioning of first biodiesel plant imminent**
- **Spike in feedstock prices requires delay in commencement of production**

Sterling Biofuels International Limited (the "Company") (ASX Code: SBI) is pleased to announce that construction of the Company's 100,000 tonne per annum biodiesel plant is on time and within budget. Pre-commissioning has commenced and the plant is anticipated to have the capacity to commence production in July 2007.

However, given the continuing spike in palm feedstock prices without any corresponding increase in the biodiesel selling price, it is prudent to delay commencement of production until such time as feedstock prices begin to show a downward trend and become more favourable.

The Company believes that with rising feedstock production, feedstock prices will fall towards historical averages in the latter half of the year. When such a downward trend emerges and the Company makes a decision to commence production, a revised profit forecast will be released to the market.

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