

APAC Biofuel Consultants

A JOINT VENTURE OF ENERGYQUEST AND ECCO CONSULTING



ENERGYQUEST



ecco
CONSULTING



AUSTRALIAN BIOFUEL PROJECTS 2007

OVERVIEW

Welcome and Introduction

June 2007

Dear Subscriber,

APAC Biofuels Consultants - a joint venture of EnergyQuest and Ecco Consulting - are pleased to present *Australian Biofuel Projects 2007*. This Study is a follow-up to and complements our major multi-client study, *Biofuels in Australia: A Growing Sector*.

Australian Biofuel Projects 2007 provides detailed profiles of all Australian biofuel projects and companies, together with forecasts of industry capacity, updated to end May, 2007.

In undertaking this study we have reviewed the Australian companies and projects and spoken with a wide range of feedstock providers, oil companies and government officials to provide a fresh perspective on the potential of the biofuel sector, its key challenges and its competitive threats.

We trust that you will find the study interesting, insightful and a useful basis for shaping your future thinking, decision making and investment and procurement strategies. The Study is comprehensive, well set out with easy to read charts, tables and maps.

In November 2006, **APAC Biofuel Consultants** completed an independent and wider ranging study, *Biofuels in Australia: A Growing Sector*. This study (200 pages) provides a complete review of the Australian biofuel industry, covering all commercial factors which impact on the sector. It is regarded as a most comprehensive commercial review of the Australian biofuel industry since the Australian Federal Governments' Biofuels Taskforce Report in 2005.

When combined, the two studies will provide the subscriber with an independent, comprehensive and up to date understanding of all aspects of the Australian biofuel industry. **APAC** is offering subscribers a special price (see page 5) if both studies are purchased at the same time.

With extensive commercial experience in the oil, gas and resource sectors in Australia and overseas, **APAC Biofuel Consultants** - a joint venture of Ecco Consulting Pty Ltd and EnergyQuest - provides ongoing support in biofuel trading, marketing, business development, strategy, government policy and risk management to industry operators, governments, banks, brokers, investors, media, international development and other interested parties.

Yours sincerely,

Graeme Bethune

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CEO

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Australian Biofuel Projects 2007

This study addresses 10 important questions regarding current progress and the future of the Australian biofuel industry

- 1. How has the biofuel industry emerged in Australia over the last six months - for ethanol and biodiesel?**
- 2. What is the forecast production capacity for ethanol and biodiesel? Is it 'talk' or is it for real?**
- 3. What are the issues facing biodiesel producers following the massive expansion in biodiesel capacity in Australia over the past 12 months?**
- 4. Are government assistance programs and incentives assisting biofuel industry for growth in Australia?**
- 5. What is the status of mandating?**
- 6. Who are the ethanol and biodiesel players in Australia?**
- 7. What is the status of new plants - location, capacity, feedstocks, and offtake arrangements? How are they performing?**
- 8. Producer margins - what are the pressures of recent months and are they sustainable?**
- 9. Will there be sufficient indigenous feedstock for ethanol and biodiesel production in Australia? What has been the impact of the drought?**
- 10. What new commercial, trading and financial risks require special focus by feedstock suppliers, producers, traders and distributors? What are the new strategies of the majors?**

Contents

1 RECENT DEVELOPMENTS IN AUSTRALIAN BIOFUELS (MAY 07)

Ethanol - Winners Emerging

- Ethanol Feedstock Prices
- Ethanol helped by Government
- E10 Retail pricing and customer acceptability
- Ethanol Feedstock Prices

Biodiesel - Reality Hits

- The Tough News
- Margins are being squeezed
- The Good News
- Biodiesel Feedstock Balance

2 STRATEGIC OVERVIEW

- Summary of Challenges Facing Biofuel Producers, Suppliers And Buyers
- Producers - Challenges, Keys to success
- Suppliers
- Buyers

3 BIOFUEL PROJECTS

- Summary of Biofuel Projects In Australia and Meeting Government Targets

4 ETHANOL PROJECTS AND COMPANIES

- Overview of each Ethanol Project Status in Australia (including Map)
(Detailed review of all Australian individual ethanol plants - operating and planned*)

5 BIODIESEL PROJECTS AND COMPANIES

- Overview of each Biodiesel Project Status in Australia (including a Map)
(Detailed review of all Australian individual biodiesel plants - operating and planned and other participants -terminal and suppliers *)

* Outline, by company, includes discussions and research covering:
 Summary Tables showing by year - capacity, feedstock requirements
 Location, history and status
 Preferred Feedstocks/buying arrangements
 Technology
 Offtake arrangements, Co-products
 Plant economics (where assessable)
 Financials and financing (where available)
 Government assistance
 Other relevant commercial information
 (35 pages including Figures and Tables)

Study Order

Report	Fee (including GST)
<i>Australian Biofuel Projects 2007</i>	A\$3,500

Send order, stating your Name, Organisation Name, Address, Phone Number and Email address, with payment to:

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 Level 10, 60 Waymouth St
 Adelaide 5000

Phone: +61 8 8431 7903
 Fax: +61 8 8431 6620
 biofuels@energyquest.com.au
 ABN 51 110 284 270

Other Major Study by **APAC Biofuel Consultants**

Biofuels in Australia: A Growing Sector

Biofuels in Australia: A Growing Sector, completed in November, 2006, is an extensive and a most comprehensive study covering **all the issues** which impact on the commerciality of the Australian biofuel industry.

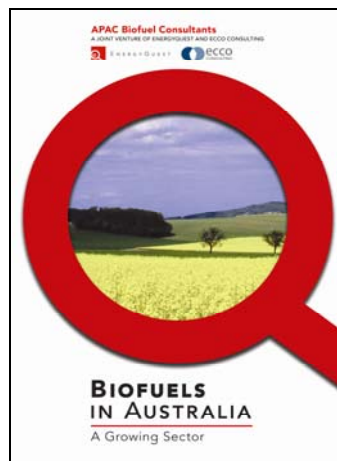
Subjects covered in the two part Report (140 pages) include;

Current Industry Structure:

- *the biofuel scene,*
- *biofuels in Australia and the world context,*
- *feedstocks and production processes,*
- *fuel and product standards,*
- *yields, supply and value chain, logistics*
- *plant economics*
- *costs and cost history*
- *market impacts,*
- *consumer acceptability, and*
- *government policy.*

Feedstock, Costs, Finance and Risk:

- *feedstock availability in Australia,*
- *feedstock pricing and impact on growth,*
- *reagent and by-product pricing,*
- *alternative feedstocks,*
- *mandating,*
- *capital cost benchmarking,*
- *strategies, risk management.*



Biofuels in Australia: A Growing Sector is a valuable study for shaping your future thinking, decision making and investment and procurement strategies in biofuels. We understand it is the only independent Study of its kind in Australia.

For a more detailed **overview** of *Biofuels in Australia: A Growing Sector* contact Mike or Graeme or download from either website.

Report	Fee (including GST)
<i>Biofuels in Australia: A Growing Sector</i>	
Current Industry Structure	A\$4,500
Feedstocks, Costs, Finance and Risk	A\$3,500
The above reports plus 'Australian Biofuel Projects 2007'	A\$11,500

About *APAC Biofuel Consultants*

APAC Biofuel Consultants provide independent commercial consulting services to the Australian and international biofuel and bioenergy industries.

With an extensive background in the oil, gas and resource sectors in Australia and internationally, **APAC Biofuel Consultants** are equipped to assist clients on commercial issues impacting on the biofuel and bioenergy sectors.

APAC Biofuel Consultants recently completed a comprehensive study - *Biofuels in Australia: A Growing Sector - examining the developments in the Australian biofuel industry from 'the ground up'*. This study is regarded as the most comprehensive independent study of its kind since the 2005 Federal Government Task Force report.

APAC's most recent study - Australian Biofuel Projects 2007 - is a detailed review of the progress of recent developments of biofuel projects in Australia.

In addition, APAC Biofuel Consultants have been engaged in studies relating to alternative feedstock sources, project economics, market analysis and product valuation and pricing.

I would like to learn more about how **APAC Biofuel Consultants** can assist improve the commercial outcomes of our biofuel and related business processes.

Please contact me in relation to:

- Energy market research and analysis
- Biofuel business development
- Business strategy review and development
- Retainer services
- Trading and commodity marketing
- Value adding strategies
- Preparation for commercial negotiation
- Project financing and risk management
- Government policy analysis
- Other _____

Please complete and email to:

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APAC Biofuel Consultants - Commercial Consultants to the Biofuel Industry

APAC Team

Dr Graeme Bethune

Graeme Bethune is CEO of EnergyQuest, which he established in 2005 to provide strategic research on Australian oil, gas and other energy sources. EnergyQuest's clients include major Australian companies, most Australian governments, institutional investors and a number of international companies.

EnergyQuest also produces the EnergyQuarterly, which provides comprehensive and timely analysis of oil and gas production, reserves, development projects and gas contracts in Australia.

The company has also undertaken major multi-client studies of coal seam methane and biofuels and provided strategic advice on acquisitions and major energy contracts.

Prior to establishing EnergyQuest, Graeme had 30 years in senior finance and corporate affairs roles. For 10 years he held a range of senior positions with the Australian energy group, Santos, reporting to the CEO, responsible for finance, business development, investor relations and media. This included over \$2 billion of major financing and asset acquisitions and divestments.

Graeme has a first-class honours degree in economics from Monash University and a PhD from the Australian National University. He has undertaken the executive program at the Graduate School of Business at Stanford University and is a member of the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia.

Mike Cochran

Mike Cochran brings to the study experience in commercialisation processes, business development and commodity marketing in the oil, gas petroleum, mining and metals industry sectors. He has held various commercial and marketing positions, at senior level, with some of the world's largest resource and petroleum organisations - BHP, Rio Tinto (CRA, Mary Kathleen Uranium, Bougainville Copper Ltd) and 22 years with Santos Ltd.

Mike is familiar with the Australian and Asian petroleum markets and refining industry. He has an understanding of the commercial and trading environment and requirements to establish green field projects, especially relating to energy, commodities, exports and overseas markets.

In 2004 Mike established Ecco Consulting Pty Ltd, providing marketing, negotiation and commercial services to the gas, petroleum, and resource industries in Australia and overseas. In its short history, Ecco Consulting has successfully established excellent working relationships and engaged in assignments with large Australian and overseas resource organisations, government and banks. Ecco has consulted in crude oil marketing and operations, contract negotiation, infrastructure representation, biofuels client studies, and commercial negotiation facilitation.

Mike has a degree in Economics from Sydney University and post graduate Diploma of Oil Supply and Refining - validated by the University of Oxford. He is also a member of the Australian Institute of Energy.

Susan Bethune

Susan Bethune is a partner in EnergyQuest, responsible for market analysis. Susan has 30 years experience in economic and financial analysis with the Commonwealth government, the finance sector and the tertiary education sector. She has an honours degree in economics from Macquarie University and a Masters degree in economics from the Australian National University.