

Australia Task 42 Update April 2016



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Australian Federal Government – Elections this year

- Currently uncertainty around the future of the current Government
 - Election will happen at some time between July and September 2016
 - Depending upon result and type, ARENA and CEFC could be impacted
 - A new more supportive PM has suggested the following with respect to ARENA and CEFC:
 - Policy is no longer to close ARENA and CEFC
 - ARENA and CEFC to be merged into a new entity – Clean Energy Innovation Fund
 - Previous granting by ARENA may be replaced with debt and equity funding
 - Potentially less overall funding may be available than previous ARENA/CEFC
 - Now looking towards receiving a “return” rather than grants
 - Primary decision making will likely be with the CEFC part rather than ARENA

Queensland Government mandates biofuels

- On 1 December 2015, QLD Government passed legislation mandating biofuels
- Minimum requirements as follows:
 - 3% of the total volume of regular unleaded petrol must be ethanol from 1 Jan 2017
 - Mandate increases to 4% 18 months later from 1 July 2018
 - All diesel must contain 0.5% biodiesel from 1 Jan 2017
- Government commits to grow industrial biotech and bioenergy industries in Queensland through its Biofutures program with A\$180M investment. Plan to be completed by Mid 2016.

NSW Government look to encourage more biofuels

- NSW mandate of 6% ethanol in petrol and 2% biodiesel in diesel remains in place
- Despite mandate well under 6% of the petrol supply is ethanol
- One reason is the E10 is often labelled with an octane rating of 91 not the correct 94
- Government is looking to stop the practice of mislabeling
 - Department of Fair Trading commences action on incorrect fuel labelling
 - Station owners have been warned of risks of fines of up to A\$1M for incorrect labelling

Action by Govt. too late for AR Biofuels – economics challenging

- Australia's largest biodiesel producer is placed into receivership
- Currently employs approximately 50 people in Victoria, SA and WA
- A combination of lower oil prices and higher input costs such as animal fats and vegetable oils
- Currently in voluntary administration with receivers looking for potential buyers

New large scale bio-refining projects move forward

- Renewable Developments Australia (RDA) is looking to develop a large scale integrated bio-refinery in Queensland: Key points about the project:
 - RDA has successfully secured ARENA Grant to help fund the project
 - Based on sugar cane with initial capacity of 340M liters/year
 - Large scale: over 60,000 hectares of land has been secured – initially 17,000 hectares
 - Integrated: expected to produce multiple products including ethanol and power
 - Export oriented: Due to difficult distribution channels in Australia, it is envisaged the project export most of the biofuel product
 - Expandable to 1,000M liters per year
 - Construction could commence as early as 2016

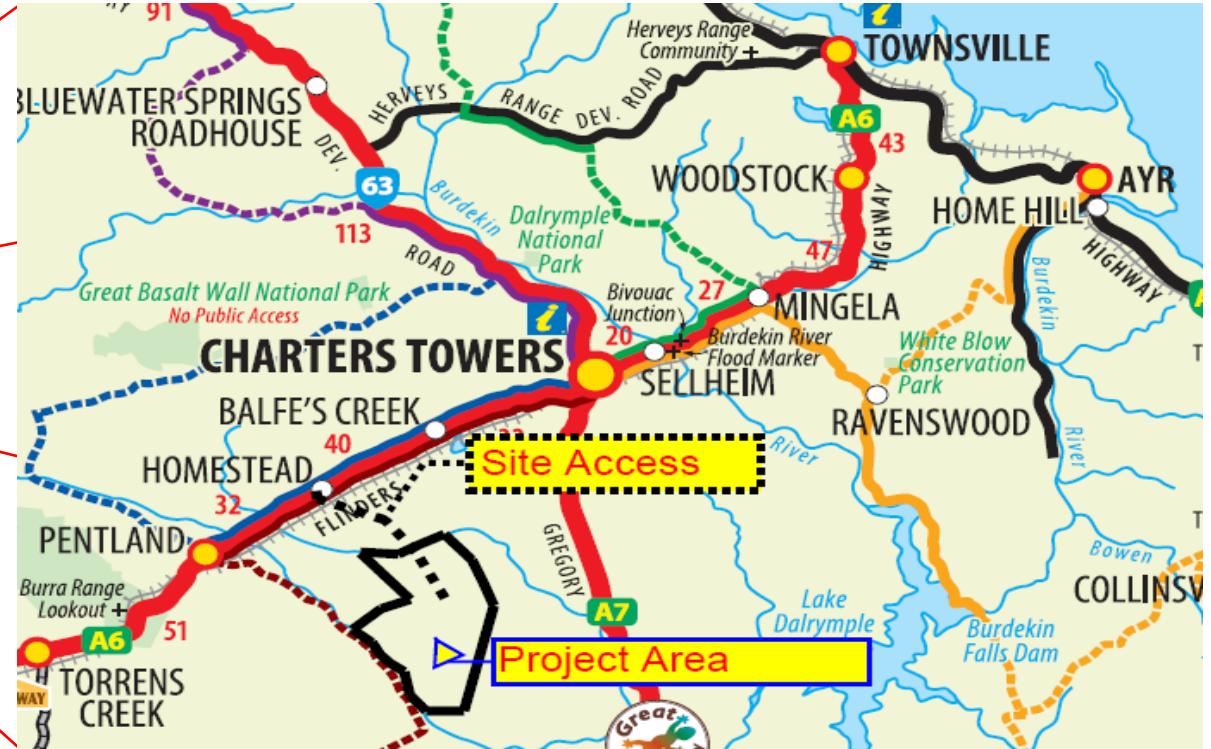


IEA Bioenergy

Task 42 Biorefining

1

The Project





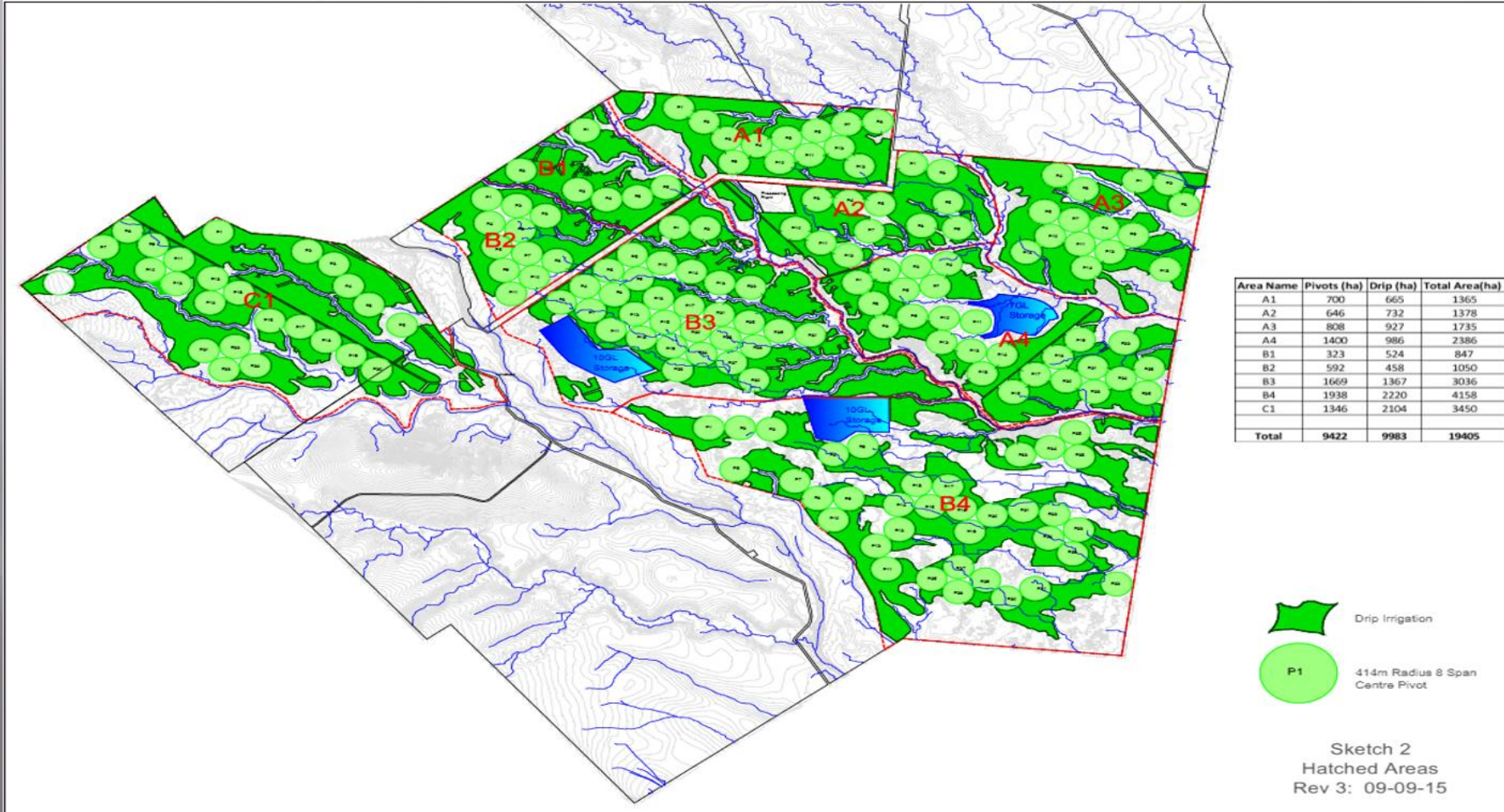
Renewable Developments Australia Pentland Renewable Energy Project

1 The Project

PROJECT PROPOSED TIMELINE

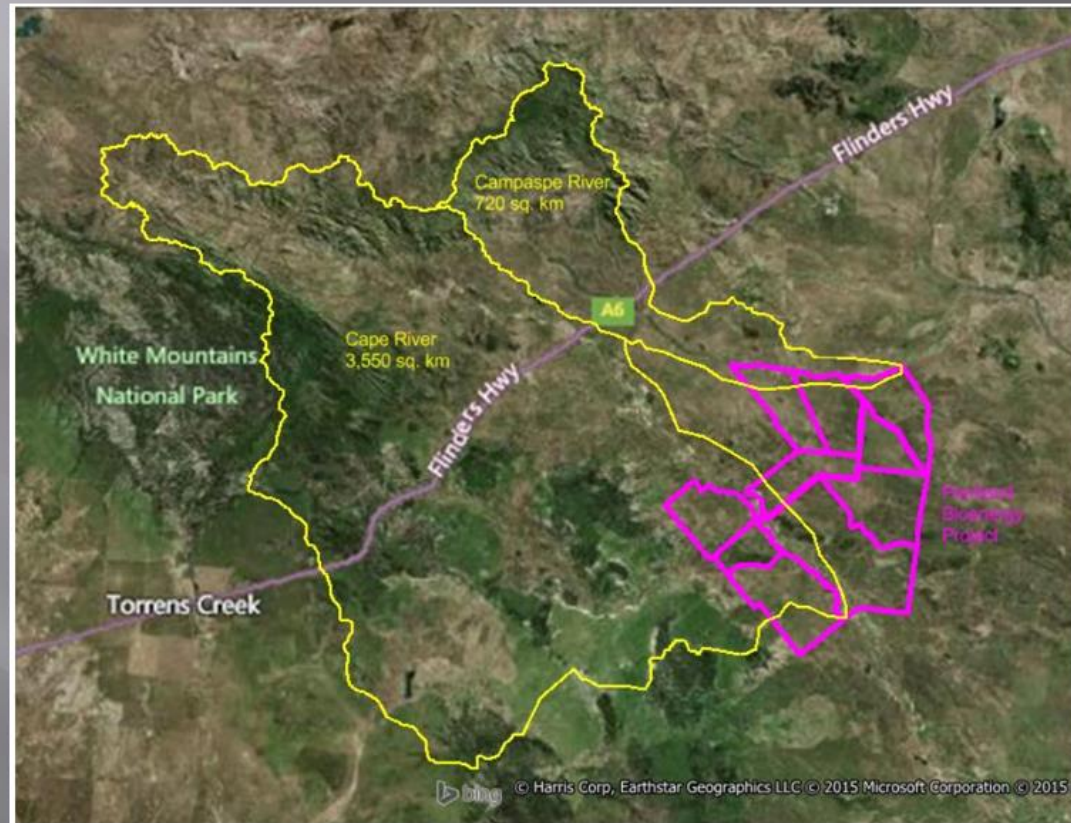
- | | |
|--|---------------------------------|
| <input type="checkbox"/> Project Development & Financial Close | June 2016 |
| <input type="checkbox"/> Process Plant Construction and Commission | July 2016 - September 2018 |
| <input type="checkbox"/> Farm Development Sugar Cane Growing | July 2016 - September 2018 |
| <input type="checkbox"/> 230 million Litres Ethanol Production | September 2018 - September 2019 |
| <input type="checkbox"/> 290 million Litres Ethanol Production | September 2019 - September 2020 |
| <input type="checkbox"/> 344 million Litres Ethanol Production | September 2020 - September 2021 |

2 Agriculture



3 Water

PBE is located in the Cape/Campaspe Subcatchment of the Burdekin ROP



RDA has completed studies on surface and ground water availability