



NATIONAL BIODIESEL PTY LTD

SOYDIESEL QUARTERLY

MINERS SWITCH TO SOYDIESEL® AHEAD OF CPRS

Driving the change

- Only product in Australia that adheres to BQ-9000 QMS during manufacture and at all stages along the supply chain
- Only product in Australia to pass the "Cold Soak Filterability" test
- Meets the Australian Biodiesel Determination; European (EN14214); and US (ASTM D6751-08) standards
- Made from soy oil only – delivering a consistent, high quality product
- Sulphur Content <1.0ppm
- CFPP -4c
- Over 12BL per annum produced globally
- Soybiodiesel® accounts for 80% of Biodiesel sold in the US market

The Australian mining industry is leading the charge to switch their equipment to run on biodiesel blends ahead of the introduction of the Carbon Pollution Reduction Scheme by the Australian Government. While the details of the scheme are yet to be finalised it is clear that the mining industry will be included in the Scheme from as early as 2011. With the carbon abatement credits that will be earned from using biodiesel the use of low-carbon fuels will be vital to mining operators response. Biodiesel, including Soybiodiesel®, has been determined to reduce carbon emissions by 67 per cent in the proposed Scheme. This means that using the 20 per cent blend Soy-

diesel® will reduce carbon emissions by around 0.55 kg for every litre of petroleum diesel replaced. The carbon abatement flowing from biodiesel use will mean that mining companies using low-carbon biodiesel fuel will be able to reduce their Carbon pollution mitigating the need for offsetting alternatives to emission reduction such as the purchasing of Carbon credits. Credits will be fixed at \$10 per ton for the first year of the Scheme but expected to trade much higher in subsequent years. National Biodiesel is currently working with several ASX listed resources companies to transition to the use of Soy-diesel® low-carbon fuel.



The mining industry is embracing biodiesel for its Carbon abatement, toxic emission reduction in underground mines and environmental benefits.

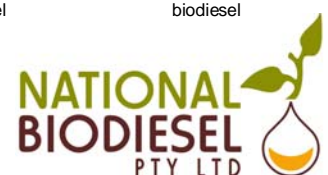
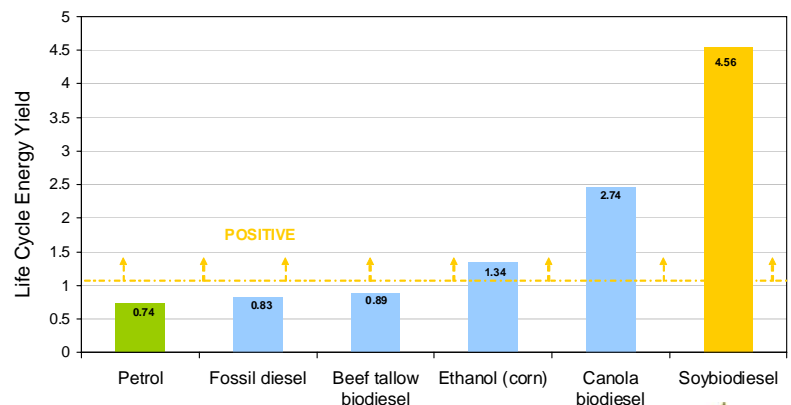
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SOYBIODIESEL® LEADS THE WAY IN ENERGY EFFICIENCY

The energy efficiency of fuel is a key consideration when assessing sustainability. It measures the energy output compared with fossil energy used during the life-cycle. According to the U.S. Dept of Agriculture Soybiodiesel® delivers 3.5 units of clean energy for every unit of fossil diesel across its entire lifecycle including transport. This continues to increase as production efficiencies improve and has recently been upgraded to a positive energy yield of 4.56 : 1.

Energy Yield of Transport Fuels
(Units of Energy Delivered per Unit of Fossil Energy Consumed)



From the Chairman

Mr Edward Dutton



I am pleased to write this at a time when National Biodiesel is going from strength to strength.

Having commenced bulk distribution in only February this year, following extensive trials of our product range since 2006, we have commissioned our fourth major distribution facility that expands our coverage along the entire east coast of Australia— from Gladstone in QLD to Melbourne in Victoria.

In early October we opened an ACT depot giving us a presence in four states. We have found the appetite for our premium quality Soy-based biodiesel products overwhelming with over 6 million litres of B20 Soy-diesel® making its way to the NSW market alone in September.

As more and more customers experience our superior quality products and our focus on service we are forming strong partnerships, with you the customer, dedicated to supplying low-carbon, sustainably produced fuel. Please contact me personally should you want to know more info@natbiodiesel.com

CONSISTENT QUALITY WITH SOYBIODIESEL®

In the past, inconsistent and unreliable product quality within the Australian biodiesel industry was a major problem. This was largely due to a lack of biodiesel standards in Australia to adhere to and varying feedstocks used in the production of biodiesel.

Official biodiesel standards have come a long way in Australia. Today, biodiesel produced and/or imported into Australia must comply to the Fuel Standard (Biodiesel) Determination 2003 as amended 6 February 2009. This Standard offers protection to biodiesel consumers in that it guarantees a minimum level of product quality. National Biodiesel takes compliance to Standards a number of steps further by, in addition to the Australian Biodiesel Standard, voluntarily testing its

biodiesel against the latest versions of the USA Biodiesel Standard (ASTM D6751-08) and the European Biodiesel Standard (EN 14214).

Inconsistent quality (specifically cold flow properties) is mainly due to varying feedstocks used to produce biodiesel. Biodiesel production in Australia has historically been dominated by production facilities using tallow, used cooking oil or a mixture of different oils and fats. Tallow (animal fats) can come from a variety of sources such as chicken, beef and lamb whereas used cooking oil can be from a wide variety of different frying and cooking applications. Properties of the fat or used cooking oil can vary significantly depending on the origin. The cold-flow properties of the biodiesel made

using these starting materials will thus vary accordingly, leading to batch-to-batch variations in product quality. National Biodiesel overcomes this problem by committing to premium biodiesel made from soybean oil only. This ensures peace of mind for customers in that the quality of the biodiesel (and cold-flow properties) remains a consistent high-quality.

Dr Jaco Vosloo is one of Australia's preeminent authorities on biodiesel quality assurance and BQ9000 accreditation.



NATIONAL BIODIESEL EXPANDS INTO VICTORIA

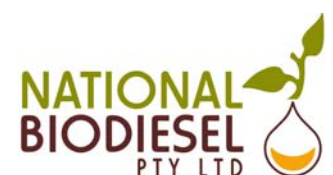
National Biodiesel is pleased to announce the supply of premium quality Soy-biodiesel® into the Victorian market. Users will profit from the superior performance of Soy-biodiesel® in addition to the environmental benefits and lower exhaust emissions. Soy-biodiesel® is available through [Just Fuel Petroleum](http://JustFuelPetroleum.com) located in Melbourne to both retail and

wholesale customers throughout Victoria.

National Biodiesel Chairman, Mr. Edward Dutton said "We commend the foresight of Mario Gaffiero and the team at Just Fuel Petroleum.

The need for a low-carbon, premium quality liquid fuel has never been greater as we work together to build a

sustainable future for Victoria". Victorian diesel users who would like to discuss potential supply from the new depot please contact sales@natbiodiesel.com



MARRICKVILLE COUNCIL MOVES TO B100

Marrickville Council has become the first Council in Australia to run its heavy vehicle diesel fleet on 100% premium quality Soy biodiesel®. Supplied by local distributor The Biodiesel Station, Marrickville council has mandated the use of B100 in its diesel powered vehicles and equipment following successful trials which commenced in May this year.

Recognising both the environmental and performance

benefits of using biodiesel exclusively in place of fossil diesel, Marrickville Council has taken an important step in ensuring the sustainability of its community and the quality of life for its people.

Mayor of Marrickville Sam Iskandar said "Council has also started using biodiesel across its fleet and is phasing out vehicles with an environmental rating of less than 10 as part of its future-

fleet@marrickville program, which has led to a saving of 100 tonnes of CO2 emissions since 2004".

Marrickville Council has received an award for its commitment to cut greenhouse gases. The CCP Plus Sustainable Purchasing Milestone 5 Award recognises Council's pledge to reduce the impact of global warming by participating in the Cities for Climate Protection (CCP) Australia program.



NATIONAL BIODIESEL AND CASE IH TEAM UP FOR FARMERS' DAY

National Biodiesel has teamed up with one of the world's largest manufacturers of agricultural equipment, Case IH, for Australia's premier farm field day, Ag-Quip. Collocating on the Case IH stand for the three day event near Gunnedah in Northern NSW that attracts over 100,000 visitors was a sign of strong support for the use of Soy biodiesel® in Australia. Under its "Biodiesel Ready" brand, Case IH leads the charge into liquid transport fuel security and sustainability as the first of the big OEMs (Original Equipment Manufacturers) to recommend use of biodiesel in all its equipment with most models suitable for use of 100% biodiesel (B100).

Only biodiesel made from Soybean or canola, such as Soy biodiesel® are approved for use in Case IH machinery due to the superior quality and the sustainable and consistent nature of the derived fuel.

Stuart Brown, Case IH Marketing Manager said "Case IH is committed to the future of the agricultural industry, and extends to supporting the use of biodiesel, we have to look towards fuel solutions that are responsible and sustainable in the long term.

It's vital our industry finds the best ways to prepare for a biofuels future".

National Biodiesel is currently supplying farmers biodiesel blends for heavy vehicle and irrigation pump use from its terminals in Port Kembla, Port Alma, Brisbane and Melbourne.



"It's vital our industry finds the best ways to prepare for a biofuels future"

Stuart Brown
Case IH
Marketing Manager



Sales Manager Mr Raymond Adams fills a Case IH Biodiesel Ready tractor with B20 Soydiesel®.

The Biodiesel Ready Case IH 4420 Patriot Boom sprayer.

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National Biodiesel is the only supplier of premium quality Soy biodiesel sourced exclusively from BQ-9000 certified producers. We specialize in the wholesale supply of Soy biodiesel® to the following industry segments:

- *Mining - large scale*
- *Civil construction*
- *Road Haulage & Transport*
- *Agriculture & Farming*
- *Marine*



The supply of Soy biodiesel® to the NSW, QLD and VIC markets is in the lead-up to commissioning of a large-scale Soybean Processing and Biodiesel Manufacturing Facility in Port Kembla, NSW, which will produce Soy biodiesel® and soybean meal for Australian and international markets.

Clean, renewable, sustainable fuel

WWW.NATBIODIESEL.COM.AU

BIODIESEL THAT DELIVERS FOOD SECURITY

The impact on food security of transport fuel production is an important factor to consider for every fuel user. The U.S. National Biodiesel Board's Sustainability Taskforce states that "Sustainable biodiesel is defined as biodiesel that demonstrates environmental stewardship across its lifecycle by maximizing net energy balance and minimizing negative impacts on natural ecosystems, globally and locally; Adds value, creates wealth, and enhances quality of life for the entire community of stakeholders."

One of the key factors that determines the sustainability of biodiesel as a fuel is the nature of

the co-products from the manufacturing process. Soy biodiesel® is made from soy oil that is removed as a by-product during the processing of soybean into high-protein animal feed (soybean meal), the back-bone of the human food chain

The SBM industry provides the vast majority of the protein requirements in our western diets. Oil is removed to ensure the longevity and superior nutritional quality and digestibility of the meal, and is not used at the expense of a food source. The food to fuel balance is a positive 4:1 ratio in favour of food security as can be seen in the chart.

Further enhancing the sustainability of Soy biodiesel production is the huge shortfall in vegetable protein in Australasia. In 2008 over 800,000 tons of soybean meal were imported into Australia and NZ. A local soy-based biodiesel production facility will enable the local manufacture of this key ingredient in our food chain.



Engineering Manager Mr Jesse Sherwood explains why biodiesel from Soybeans is truly sustainable.

