

Biodiesel Exports Yesterday, Today and Tomorrow

Starsupply Renewables S.A.
Kevin McGeeney CEO

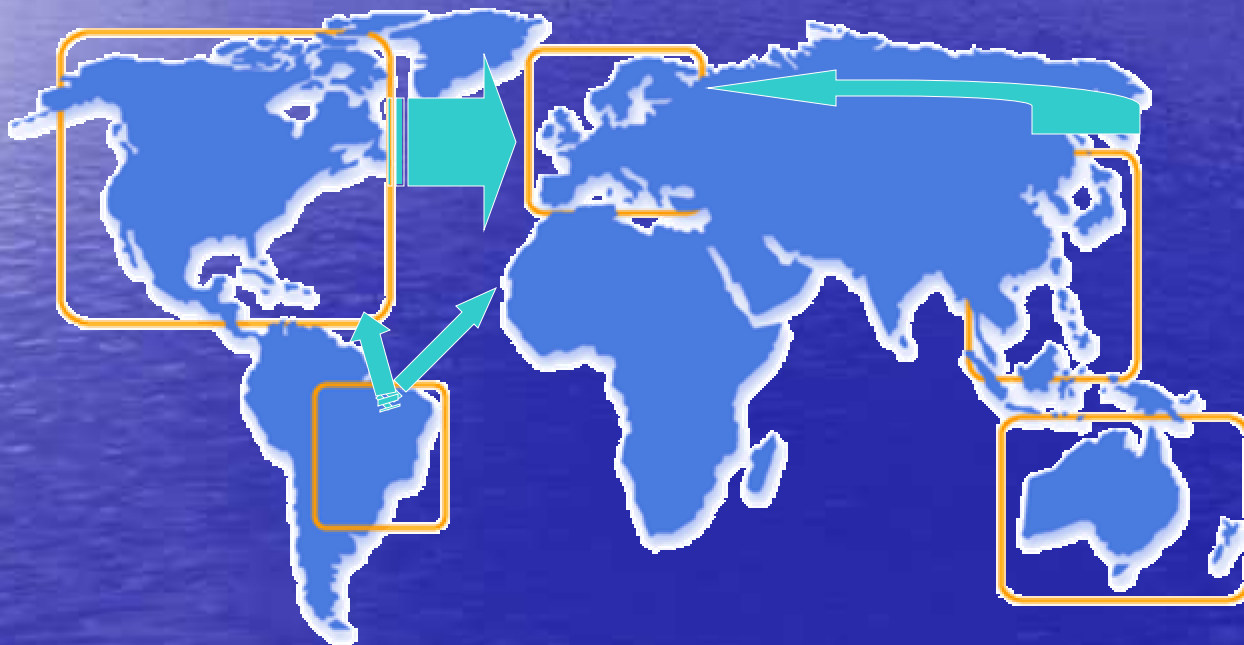


Biodiesel Market Developments

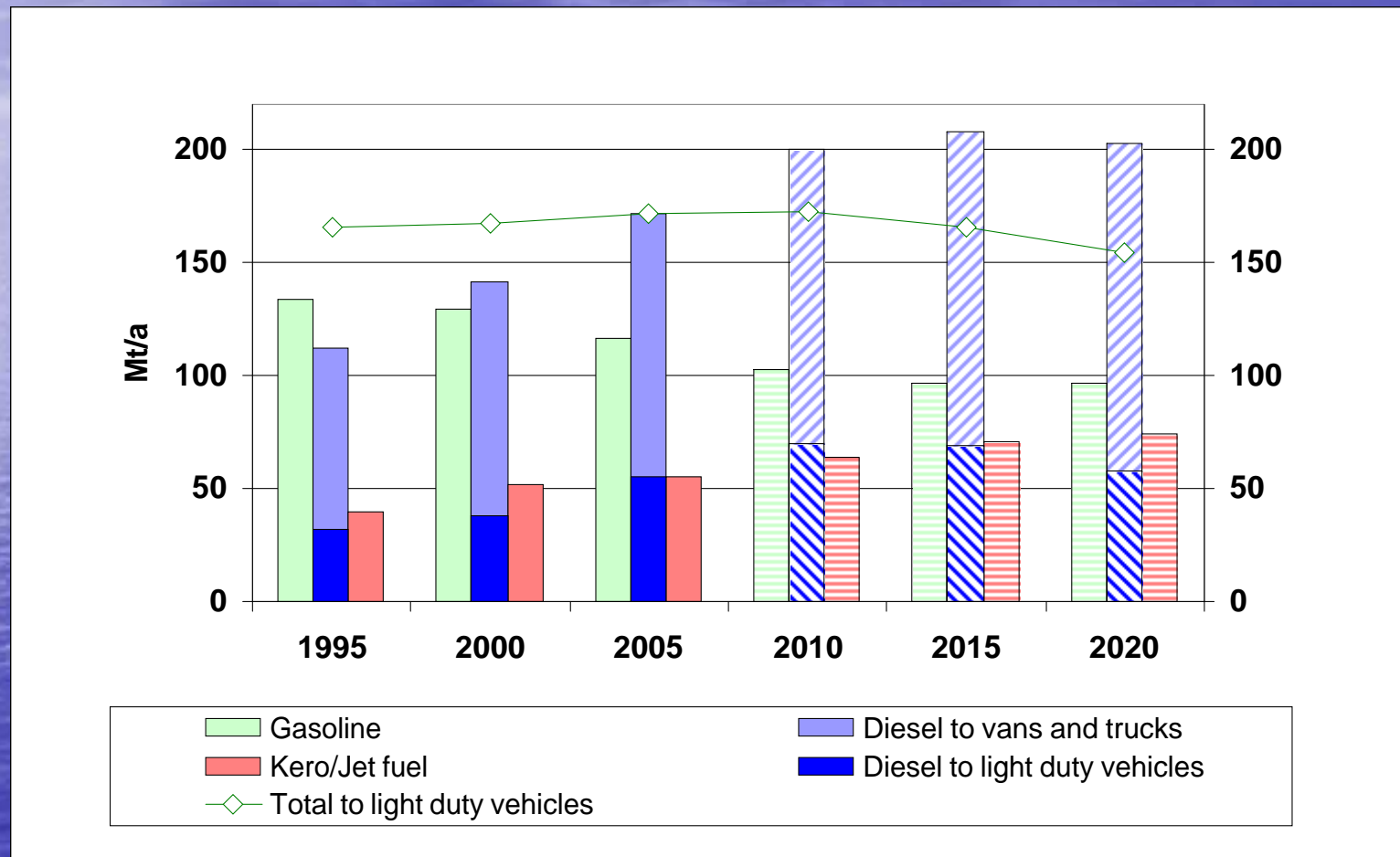
- In past years up to 80% of European biodiesel demand was contracted locally in off-take agreement. For 2008 this will be below 50%, massively increasing the amount of product that will be imported.
- Sustainability issues will complicate business but unless the public see GHG and sustainability benefits they will likely withdraw support for subsidies.
- 'Weak' correlation between feedstock, biodiesel and mineral oil. Biodiesel is priced neither as a feedstock + spread or a substitute for mineral oil. Need for hedging with Biodiesel paper swaps.

Global Trade Flow of Biodiesel

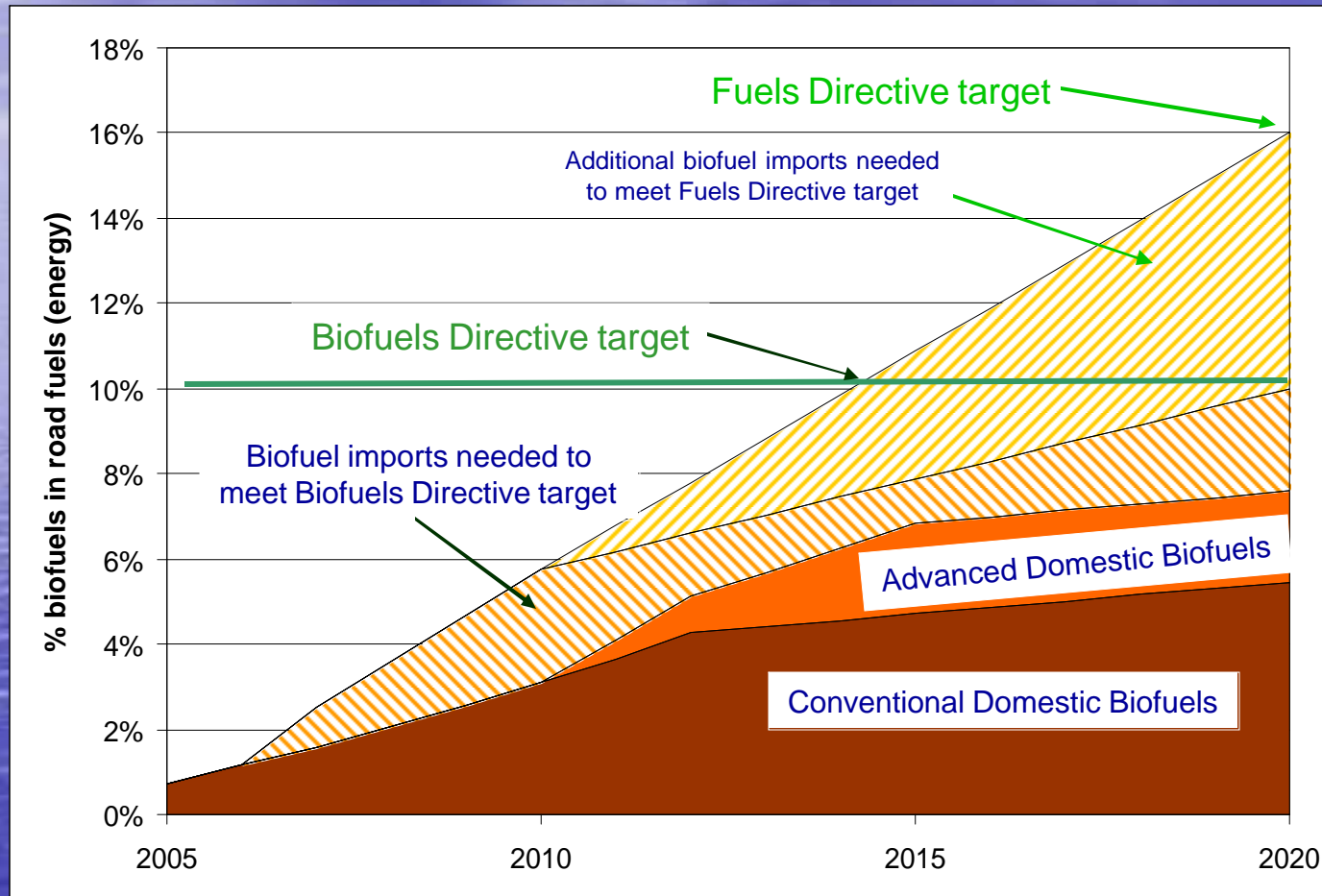
The primary driver of trade and profitability is government action.



Growth of Fuel demand in the EU 27



Bio-component Volumes Needed to Reach EU Targets



Source: CONCAWE, based on results of JEC WTW Study

10% bio-components in road fuels on an energy basis (Biofuels Directive) and 10% GHG reduction (Fuels Directive) by 2020 are NOT equivalent targets



EU 27 Member state biofuel volumes 2007 - 2010

Member State	2007	2008	2009	2010
Austria. Vol	266,248	356,029	356,029	356,029
Belgium. Vol	272,491	330,883	389,274	447,665
Bulgaria. Vol	-	-	-	-
Cyprus. Vol	-	-	-	-
Czech. Vol	153,757	153,757	345,954	345,954
Denmark. Vol	-	-	-	-
Estonia. Vol	20,034	20,034	20,034	57,597
Finland. Vol	-	-	-	-
France. Vol	1,670,391	2,744,213	2,744,213	3,340,782
Germany. Vol	2,144,985	2,696,553	4,289,970	4,289,970
Energy	-	-	-	-
Greece. Vol	248,976	331,968	414,960	477,203
Hungary. Vol	-	-	-	430,369
Ireland. Vol	56,038	71,729	71,729	184,126
Italy. Vol	881,610	1,322,414	1,763,219	2,204,024
Latvia. Vol	59,335	72,049	84,764	97,478
Lithuania. Vol	-	-	-	144,373
Luxembourg. Vol	-	-	-	19,992
Malta. Vol	-	-	-	-
Netherlands. Vol	259,883	259,883	259,883	701,561
Poland. Vol	652,861	652,861	652,861	1,632,153
Portugal. Vol	237,272	454,771	454,771	454,771
Romania. Vol	319,221	478,832	638,443	638,443
Slovakia. Vol	128,425	160,531	196,651	230,764
Slovenia. Vol	30,112	45,168	60,224	75,279
Spain. Vol	-	638,220	1,142,078	1,931,456
Sweden. Vol	204,371	204,371	204,371	391,712
UK. Vol	-	1,127,715	1,691,573	2,255,430
Energy				
Metric Tonnes	7,606,010	12,121,982	15,781,000	20,707,132
US Gallons in million	2,282	3,637	4,734	6,212
		EU Mandate 2010	EU Mandate 2020	
Energy Content %		5.75	10.00	
Metric Tonnes		22,350,301	36,945,813	
US Gallons in million		6,705	11,084	

(1) Assumed energy value of 0.812 for all biofuel, ethanol is however, lower.

(2) EU 27 Transport fuel demand of 300m MT per year, source, IEA and CONCAWE.

(3) It is assumed that fuel usage is constant across countries, which will underestimate demand as those countries with higher mandates have higher fuel use given they are richer.

EU Biofuel Mandated Demand

National Mandates
where shown

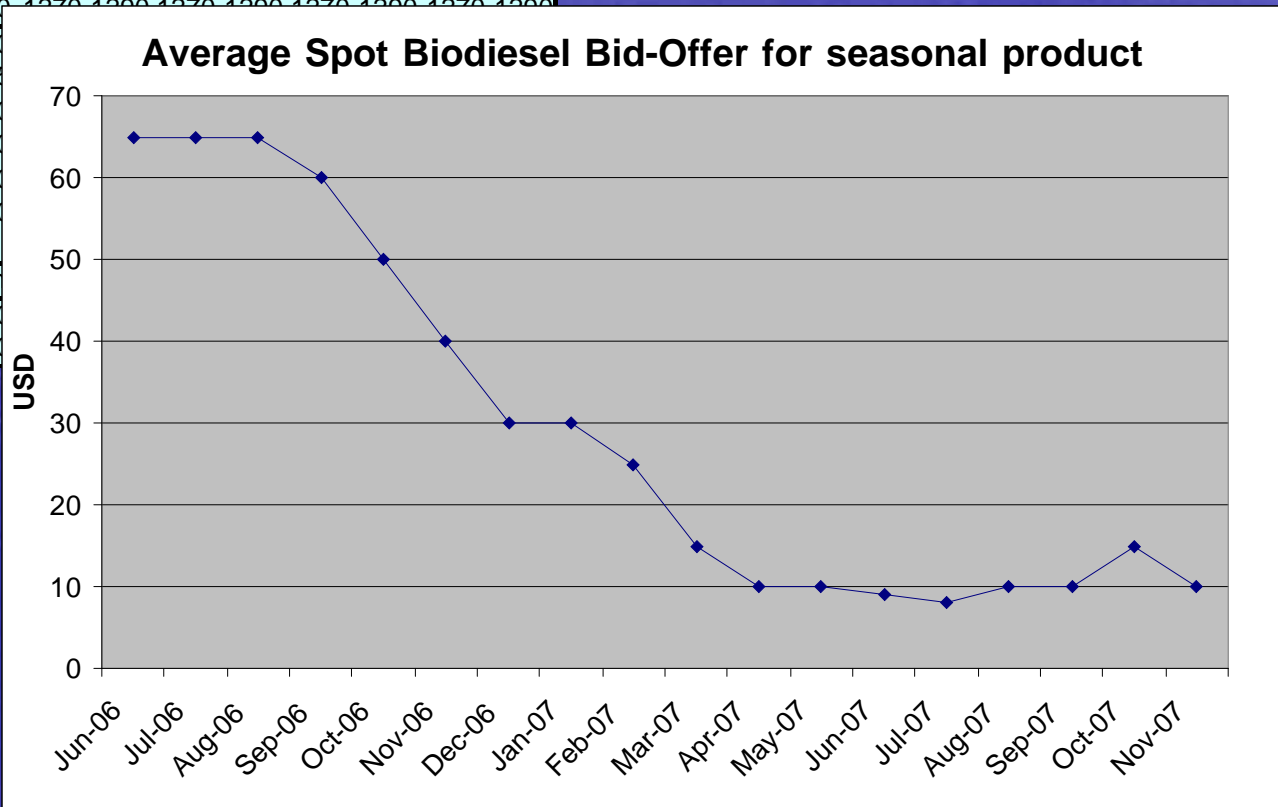
EU wide Mandates

Biodiesel spot, term and tender

Bio-Diesel

Forward Curve

USD MT	SPOT 6-8 Week Forward EN14214 Virgin Veg Oil			EUR/USD 1.4542				
FOB ROTT	Bid	Offer	T1	Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '09
RME	1330	1350		1330-1350	1330-1350	1335-1355	1340-1360	1340-1360
SME T2	1020	1040	970	1040-1060	1060-1080	1060-1080	1060-1080	1060-1080
PME T2	840	860	800	880-900	950-970	950-970	940-960	940-960
CME T2	1270	1290	1200	1270-1290	1270-1290	1270-1290	1270-1290	1270-1290
-20 cfpp	1320	1340		1320-1340				
-15 cfpp	1325	1345		1325-1345				
-10 cfpp	1280	1300		1280-1300				
-5 cfpp	1130	1150		1130-1150				
0 cfpp	1020	1040		1030-1050				
5 cfpp	980	1000		1020-1040				
15 cfpp	840	860		880-900				
USD MT SPOT 6-8 Weeks Forward German Dir								
-20 cfpp	1330	1350		1330-1350				
-10 cfpp	1320	1340		1320-1340				



Profitability of Spot SME CIF ARA



Potential Profit in USD per Metric Tonne

Key Assumptions:

SME CIF ARA spot + \$1gal Blending credit

LESS

CBOT Soy oil near month

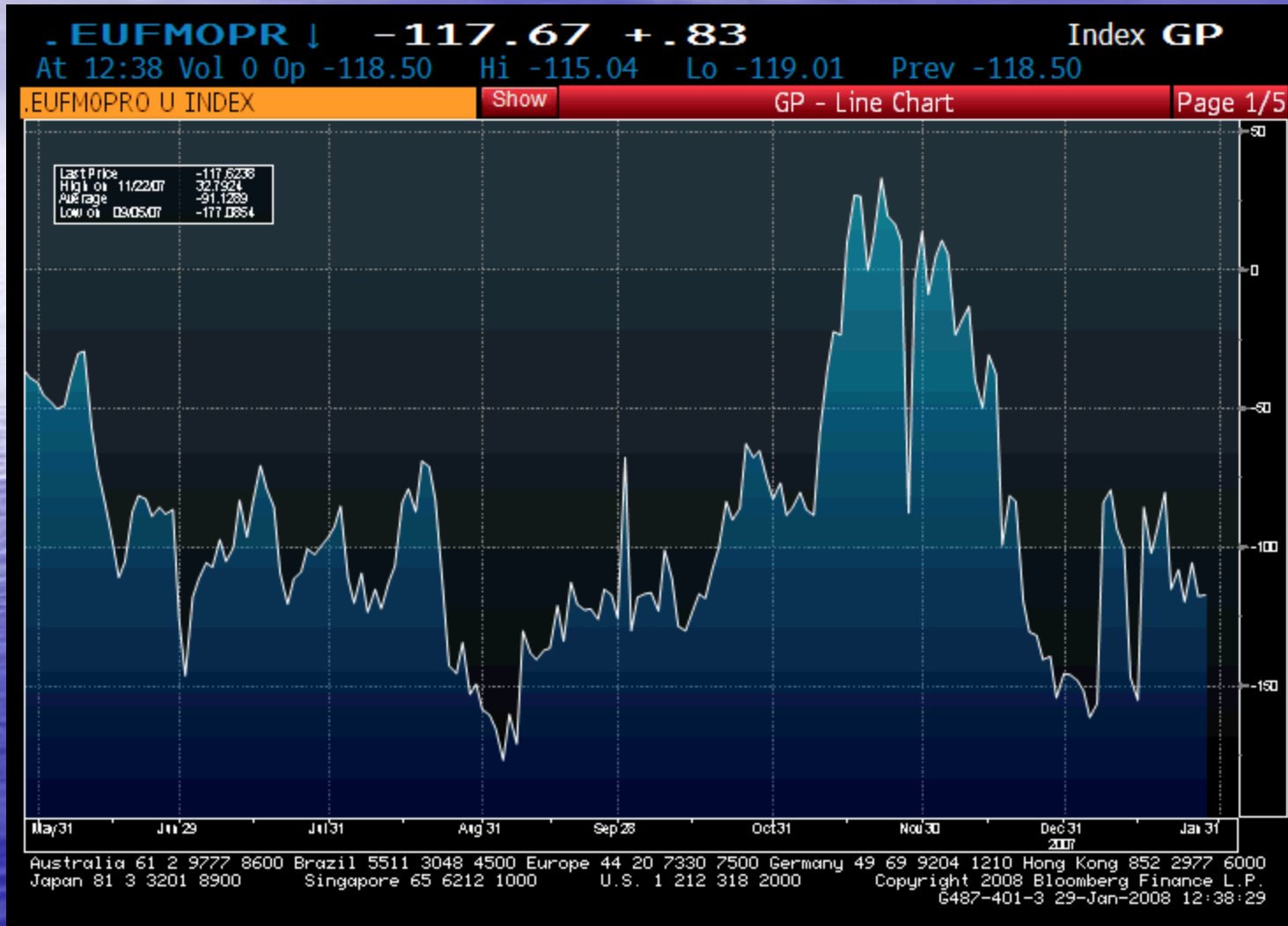
EU 6.5% import duty

\$150 Esterification costs

\$50 Freight to Europe

\$25 legal and finance costs

Profitability of EU RME production



Potential Profit in USD per Metric Tonne

Key Assumptions:

RME FOB ARA spot -
 ARA Rape Oil near month
 \$150 Esterification costs

Sustainability Issues

- EU Directive requires a minimum of 35% GHG emissions reduction from biofuels. This should eliminate confusion surrounding the benefits of biofuels.
- The Directive will be implemented at a national level, likely differing from country to country.
- What is eliminated?
 - Feedstock from land converted after Jan 1st 2008 that was forest, wetland, land of natural interest or diverse grassland.
 - Palm ME where the process vents methane
 - Wheat Ethanol except where used in a CHP facility process fuelled by natural gas or biomass.

Sustainability Issues

- Different EU markets will have different sustainability regulations and regulators.
- The UK bans land converted from forest, wetland & peatland after Nov 2005 plus has a 50% GHG saving requirement from 2010 which would largely exclude soy and rape biodiesel. Improving the process can improve the GHG saving.
- Germany & others will likely announce further restrictions. Danger sustainability arguments will be perceived as trade barriers.
- Social factors will be the next requirement. Tallow and UCO are the hands down winners.

Biodiesel Trade Hedging

Correlations in 2007 Weekly Absolute Change

<u>1yr</u>		<u>6 mth</u>
0.58564	FAME 0 / FAME -20	0.73021
0.66089	RME / SME CIF ARA	0.69906
0.59838	CBOT Soyoil / Gasoil ICE	0.69778
0.26087	CBOT Soyoil / SME	0.34513
0.29303	RME / PME CIF ARA	0.32628
0.20956	SME CIF ARA/ Gasoil ICE	0.31044
0.13676	RME / Gasoil ICE	0.17162
0.18586	PME CIF ARA/ Gasoil ICE	0.00371

- Biodiesel Paper/Derivatives Swaps trading already. Starsupply Renewables is launching a Market Maker service in March 08.

Starsupply Renewables S.A.

- Starsupply Renewables S.A. is the leading biodiesel brokerage firm.
- Transactions arranged in physical product include spot, term or multi-month deals and competitive tenders.

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