Natural Fuel Completes Jatropha Off-take Agreement

- 10 year Jatropha Off-take Agreement finalised with GEM Biofuels
- Jatropha oil supply expected to begin early 2009
- Expected to provide up to 25% of Singapore feedstock requirements by 2013

Natural Fuel Limited (ASX: NFL) is pleased to announce that it has completed the Long-term Off-take Agreement with GEM BioFuels Plc (GEM) for the supply of crude jatropha oil as a feedstock for its Singapore biodiesel facility.

The supply of the crude jatropha oil will commence in early 2009 at a free on board delivery price of US$500 per tonne, adjusted for inflation, for the first five years of the 10 year agreement. GEM will initially supply NFL with 2.5% of its Singapore facility production requirements, with supply increasing year on year as its jatropha plantation program in Madagascar develops. By 2013, 55% of GEM’s jatropha production will be provided to NFL, equivalent to 25% of the Singapore plant’s overall feedstock requirements.

Mr Michael Pixley, NFL Deputy CEO said: “This GEM Agreement is the first in a series of alternative feedstock deals that the Company is negotiating in order to secure a diversified feedstock supply position.

“In line with the Company’s Asset Utilisation Strategy, NFL is focused on locking in supply agreements on a range of feedstock alternatives to palm oil, which is currently at record high prices.

By securing diversified feedstock supply, NFL can mitigate risk and ultimately deliver greater operating profits,” he said.

Mr Paul Benetti, GEM BioFuels CEO said: “We are pleased to have signed this agreement with Natural Fuel which cements a constant demand for the term of the Agreement and highlights the incentive for purchasers of jatropha oil in securing the supply of biodiesel feedstocks at agreed prices, an agreement which benefits both the purchaser and supplier therein.”

“When GEM’s current jatropha plantation program reaches maturity in late 2013 and the Company begins producing at full capacity, it will supply NFL with 25% of Singapore’s feedstock requirements,” said Mr Benetti.

NFL’s biodiesel plants are designed to use a broad variety of virgin vegetable oils as feedstock, providing significant flexibility in feedstock sourcing and blending. Jatropha oil produces high quality biodiesel with superior cold flow properties, allowing NFL to blend it with palm oil and achieve cool weather biodiesel.
About Natural Fuel Limited
Natural Fuel Limited is an Australian ASX-listed renewable energy company. NFL is currently developing the world’s largest biodiesel plant on Jurong Island in Singapore. Through a 50/50 joint venture with Babcock & Brown Environmental Investments, the company also owns and operates Australia’s largest biodiesel facility in Darwin.

About GEM BioFuels
GEM BioFuels Plc (AIM: GBF) was established to supply feedstock to the rapidly growing global biodiesel market. GEM has secured 50 year agreements giving exclusive rights over 452,500 hectares (in excess of 1 million acres) to establish jatropha plantations in Madagascar. The plantations range in size from 2,500 to 50,000 hectares, with a further 40,000 hectares of natural forest containing substantial numbers of mature jatropha trees.

To date the company has planted 43,500 hectares of jatropha and a total of 200,000 hectares is expected to be planted by 2010. Based on this, the GEM’s production is expected to be 20,000 tpa of crude jatropha oil in 2009 rising to 210,000 tpa in 2014, after its trees mature.

About Jatropha
Jatropha is a small tree/shrub, growing to about 5 metres in height and is well suited for use in the production of biodiesel. Jatropha trees are relatively drought resistant and suitable for cultivation in sub tropical regions. The high oil yielding seeds are mildly toxic and as such jatropha is not a food and its use in biodiesel production does not affect the cost of living of the indigenous population. Biodiesel refined from jatropha oil complies with international standards, including EN14214 in Europe, the major market for biodiesel.

Whilst the current production of jatropha seed for commercial purposes is small, it is substantially increasing due to its attractiveness as a biodiesel feedstock because of its ability to grow on marginal land and the fact that it is non-edible.

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