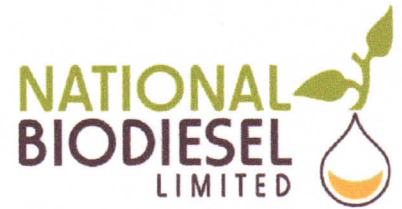


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Dear Ashley,

Please find outlined on the following pages a formal response to the additional information requested by the NSW Environmental Protection Agency regarding the proposed changes to the Soybean Processing and Biodiesel Production facility outlined in our Section 75W modification application.

Please do not hesitate to contact me should you have any queries.

Kindest of regards,

A handwritten signature in blue ink, appearing to read 'R Kempton', followed by the date '17/12/2012' written in the same ink.

Robert Kempton

Lead Process Engineer
National Biodiesel Ltd
0404 373 681



Member of National Biofuels Group Pty Ltd

Additional Information Requested By NSW EPA

(1) Scale of Biodiesel Importation

National Biodiesel commenced importing biodiesel into Port Kembla in January 2009, into the Park fuel storage and terminal facilities located on Flinders St, Port Kembla. More recently National Biodiesel has been importing biodiesel into Port Botany in NSW, and several other Ports in QLD, VIC and WA.

National Biodiesel intends to commence importing biodiesel into its new Biodiesel Fuel Terminal at Port Kembla following commissioning of the bulk storage tanks, which is expected to be complete by early 2014.

The Biodiesel Fuel Terminal has been designed and sized to accommodate the production output of the biodiesel manufacturing plant, 250,000t p.a. of biodiesel. During the construction period National Biodiesel plans to import biodiesel into the Biodiesel Fuel Terminal to create and satisfy the market demand (which is currently below the final plant capacity), and continue to grow the business to meet the future production output of the manufacturing plant.

The importation of biodiesel into the Port Kembla Biodiesel Fuel Terminal will continue until the final manufacturing facilities have been constructed and commissioned. Post commissioning, some importation may be required from time to time to ensure security of supply for our customers, such as during plant maintenance periods or extended periods of operational difficulties.

(2) Environmental Control for Odour and Dust

(i) Soybiodiesel® is a non-volatile, non-flammable liquid, with a flashpoint typically well over 150oC and boiling point of approximately 350oC, meaning that it does not give off significant odorous vapours as do some other biofuels such as ethanol or canola methyl ester. If smelled directly, biodiesel has a very faint smell like vegetable oil.

Bulk fuel storage tanks are bottom filled to prevent the splashing of any liquid, thus reducing the potential generation of any droplets and associated aerosol mists during filling operations. The corresponding air from the tank is normally displaced directly to atmosphere from vents at the top of the tanks, approximately 20m in the air, in accordance with the requirements of AS 1940, API 650 and API 2000.

National Biodiesel has undertaken equivalent bulk storage and unloading operations commencing in January 2009, at the Park fuel storage and terminal facilities located on Flinders St, Port Kembla, as well as at Vopak B Port Botany (since 2011), at Banksmeadow Port Botany (since 2011), at Silverwater (since 2011), at Riverstone Depot (since 2009), and several other Ports in QLD (since 2009), and VIC & WA (commencing this year). More recently National Biodiesel has been importing biodiesel into new additional storage at Terminals Pty Ltd, Port Botany in NSW. No odours or associated air quality issues have been observed from the bulk unloading, storage and handling of biodiesel since these operations commenced. For this reason all of these existing facilities vent the displaced air directly to atmosphere during tank filling.

As biodiesel is a hygroscopic material, it is common for some biodiesel storage facilities to employ a system to remove moisture from ambient air during tank in-breathing (such as when product is out loaded, or during diurnal breathing of the tank), to prevent moisture contamination of the stored product. Desiccant breathers are one such system. Other systems include the use of nitrogen blanketing, or other sources of

dried air. It should be noted that these systems are designed to prevent contamination of the stored product from ambient air, not prevent the release of odours from product (which is not an issue, as noted above). At the time of writing the DA modification document, a desiccant breather system was identified as the preferred option during initial concept design of the facility. National Biodiesel is currently reviewing the requirements for managing the potential for moisture contamination of its stored product, and the relevant options for addressing this will be determined during the detailed design of the plant in the coming months.

With regards to the filling of road tankers, National Biodiesel enforces a strict policy that any fuel tankers used for transporting biodiesel must have carried either diesel or biodiesel for the prior 2 loads. As such, the fuel tankers used by National Biodiesel do not contain odorous vapours from volatile fuels such as ULP or ethanol. Consultation with fuel industry experts regarding the design of the biodiesel fuel terminal facility has identified that a vapour recovery system for truck filling is not required, as there will be no volatile emissions released during truck filling. Instead, the empty space from the trucks is to be vented by a vent stack designed in accordance with the relevant requirements of AS 1940.

Regarding environmental controls for the storage of soybeans, soybeans will be transported via closed conveying systems and stored in large sealed steel silos in accordance with the relevant AQIS requirements to prevent the release of any material or associated dust to the environment. As the soybeans will be supplied and stored dry, there will be either no odour or very negligible odour associated with the handling and storage of these materials.

(ii) The truck dump station will be a covered structure incorporating conventional dust suppression and control equipment (such as a dust collection system and/or dust curtains) to prevent the release of any dust generated during dumping operations. The exact design of the associated emissions control equipment will be determined during detailed design of the plant, and currently conceptual design is being undertaken to determine the basic requirements. The design and function of the dump station will be equivalent to the existing GrainCorp facility located approximately 300m down the road. As noted above, soybeans will be supplied and stored dry, so there will be negligible odour associated with handling and storage of these materials.

The means of storage and handling of soybeans and the associated dust control measures are the same as applied under the Development Approval granted May 2009; the proposed modification only pertains to the change in location of the storage silo's and truck dump station from the GrainCorp site, to National Biodiesel's neighbouring Crushing Plant site.