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LP 2017 START DATE NOW SET

INGHAM'S long awaited $500 million super-mill's operational start date has been delayed by another year for the third time in a row.

TD The scheduled start date for North Queensland Bio-Energy Corporation Limited's mill is now set for 2017.

In a statement, NQBE says the current lack of financial closure from equity partners was to blame for this latest setback. The news of the delay was revealed to more than 150 NQBE shareholders who attended last Friday's special meeting in Ingham.

NQBE says shareholders have "thrown their overwhelming support" behind the recommendation to delay the project.

As a result, chairman Robert Carey recommended shareholders to rollover their Cane Supply Agreements (CSA) with Wilmar.

Mr Carey said delays in finalising the equity partners financial commitment and Wilmar's CSA Friday deadline, meant the board had "no choice" but to shift the mill's start date to the 2017 season. This follows previous year-long delay announcements in 2012 and 2013 where finalising approvals were to blame.

"The NQBE project is a $500 million plus project and certainty is required when you are making decisions that could affect shareholders livelihoods," Mr Carey said.

Wilmar Sugar cane supply and grower relations general manager Paul Giordani said the annual extension of the Herbert region's CSA comes into effect from Saturday, March 1.

CONTINUED PAGE 2 Mill delayed FROM PAGE 1 "THE new three-year rolling agreement covers the 2014, 2015 and 2016 seasons," he said.

"Unless growers notify us — before (this Friday) — of their intention not to extend their current agreement, it will automatically roll over." It is believed Wilmar expect all current agreements with Herbert growers to be extended.

Mr Carey said without the final sign off and financial closure from NQBE's equity partners, it would be "extremely irresponsible to advise NQBE shareholder growers to opt out of their existing supply contract".

"While deferring to 2017 is disappointing for shareholders, the financial risks of not deferring are too great and not acceptable to the NQBE board," he said.

Mr Carey blamed the delay in obtaining financial closure on the carry over effects of the GFC and the lack of preparedness by Australian Institutions to invest in agricultural based projects.

"NQBE has had extensive discussions with superannuation and managed funds and other potential Australian investors, but the overwhelming response has been that Australian agriculture industries, including sugar, haven't positioned themselves to be investment ready," he said.

Mr Carey declined to name which Australian investors NQBE approached because of commercial-in-confidence obligations.

Mr Carey said that with NQBE forced to seek off shore equity investment, it would take time for potential offshore investors to understand NQBE's diversified revenue model.

"Most companies who have expressed an interest in investing in NQBE are proficient in a particular sector (eg: power), but have no experience in other sectors (eg: sugar) and vice versa," he said.

"This certainly provides plenty of challenges and takes time, more time than you expect." Despite the disappointment in the delay announcement, Mr Carey said negotiations were well advanced with a number of parties and they are still undertaking extensive Due Diligence on the project.

NQBE is, at the same time, also undertaking Due Diligence on these interested parties.

"The Due Diligence is expected to be completed following the partners visit to Australia in the week commencing March 17," he said.

"The NQBE board is confident of being able to finalise the equity position shortly after that.

"With all of the necessary federal, state and local development approvals in place, the project is ready to proceed, as soon as the equity partner's position is finalised." Mr Carey said once financial closure has been achieved, tenders will be called and then construction will start.

If financial closure is achieved in March or April, construction should still start this year.

This announcement of the project's third delay is the first public comment NQBE has been made in more than three months.

In November, NQBE executives travelled to China on a three-week trip to finalise and inspect the design and manufacture of equipment for the super-mill.

NQBE director Anthony Castorina and general manager operations Ken McIntosh were hosted by Chinese joint venture partners, Nanning Good Fortune Heavy Industries Co Pty Ltd (GFHI).

NQBE also called on the Federal government to offer a “small seed funding investment’’ and other incentives to help cane growing districts harnessthe full potential of the sugar industry.

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