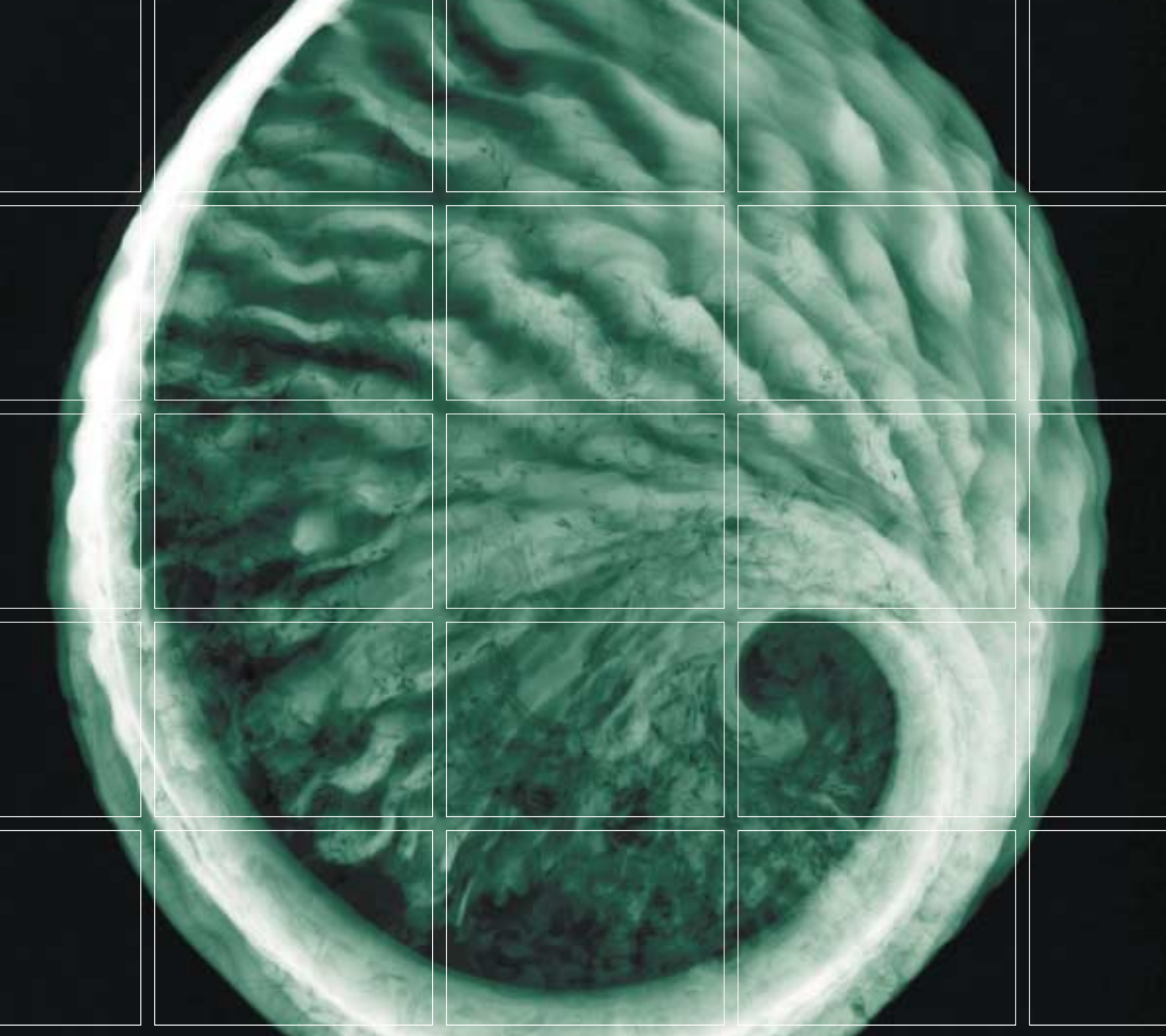




Proposed Ethanol Production Facility at Coleambally

Preliminary Assessment Report

Australian Ethanol Limited

September 2006

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Environmental Resources Management Australia Pty Ltd Quality System

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This report was prepared in accordance with the scope of services set out in the contract between Environmental Resources Management Australia Pty Ltd ABN 12 002 773 248 (ERM) and the Client. To the best of our knowledge, the proposal presented herein accurately reflects the Client's intentions when the report was printed. However, the application of conditions of approval or impacts of unanticipated future events could modify the outcomes described in this document. In preparing the report, ERM used data, surveys, analyses, designs, plans and other information provided by the individuals and organisations referenced herein. While checks were undertaken to ensure that such materials were the correct and current versions of the materials provided, except as otherwise stated, ERM did not independently verify the accuracy or completeness of these information sources

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1.1

PURPOSE OF THE REPORT

Environmental Resources Management Australia Pty Ltd (ERM) has been engaged by Australian Ethanol Limited to prepare a preliminary environmental assessment for the construction and operation of three ethanol production facilities in Condobolin, Coleambally and Oaklands New South Wales (NSW).

Figure 1 shows the regional locations of the three proposed facilities.

The ethanol production facilities will be capable of processing a range of cereal grains (such as corn, wheat, barley and sorghum), which are grown in the Murrumbidgee Region of NSW, to produce up to 200 ML of ethanol products annually.

A number of holding dams and effluent treatment and recycling areas will also be incorporated into each facility, while a portion of each site will be dedicated as forestry plantations to provide carbon sequestration for the facilities by-products.

Australian Ethanol Limited seeks project approval for the development of an ethanol production facility and associated plantation at Coleambally, under Part 3A of the *Environmental Planning and Assessment Act, 1979* (EP&A Act). The facility will have a development cost exceeding \$30 million and therefore the proposal will be determined by the Minister for Planning.

This report is the preliminary environmental assessment for the Coleambally facility. It has been prepared in order to gain the Director-General's requirements under Clause 75(F) of the EP&A Act for the preparation of an environmental assessment report (EAR).

The preliminary assessment report sets out the likely environmental issues associated with the project to facilitate the preparation of the Director-General's requirements.

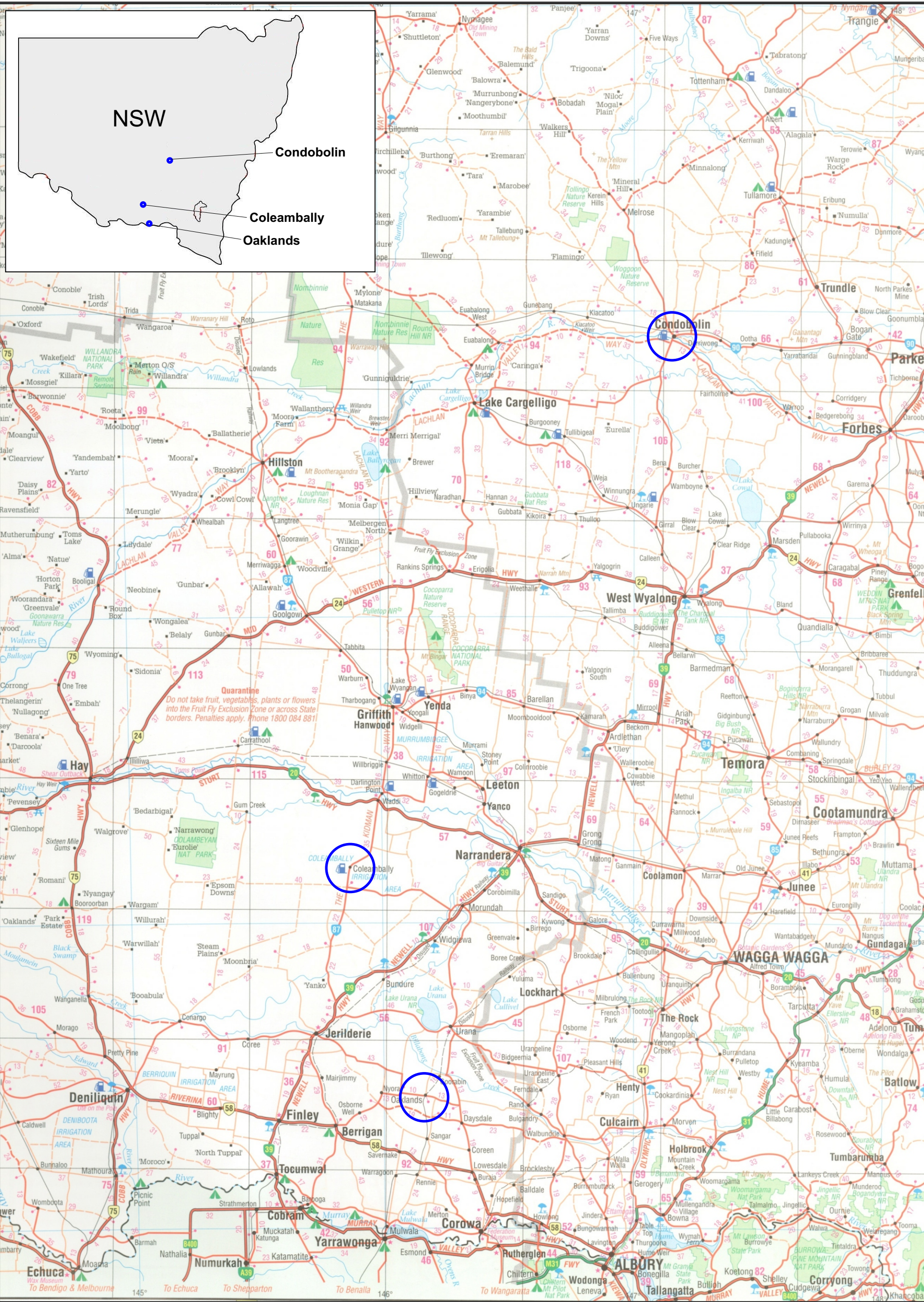


Figure 1

Regional Locations of the Three Proposed Plant Sites

Preliminary Environmental Assessment for Proposed Ethanol Production Facility at Coleambally