



## WA firms find new biodiesel niche

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Rising feedstock prices have led two Western Australian biodiesel companies to position themselves in the upstream supply of a more cost effective and sustainable feedstock – crude jatropha oil.

Grown in tropical areas on semi-arid land, the seeds of the jatropha curcas tree have become the focus of the next generation of biodiesel feedstocks, as the demand for edible oils such as palm, tallow and canola oils drives prices to record levels.

Subiaco-based Curcas Energy has established a network of more than 15,000 small farmers in Thailand to plant 120,000 hectares of jatropha, with expectations this will increase to 240,000ha within four years.

With several thousand hectares already in the ground, the company is hoping to commence construction of its Thai crushing mill in 2008, which when completed will produce up to 30,000 tonnes of jatropha oil a year.

Curcas Energy recently issued an information memorandum to raise \$2 million from sophisticated investors, ahead of its planned March 2008 \$20 million initial public offer, with funds going towards construction of the mill and further planting programs.

Curcas Energy managing director George White said one of the advantages of using jatropha over other crops was that it could be grown on degraded soil, removing competition between fuel and food crops for prime agricultural land.

The cost for the feedstock would also be lower because it was not competing with the food market, like currently used feedstocks such as canola and palm oil.

"The reason biodiesel companies are having problems is because demand for the oils and fats they use is shared with the food industry, and they're being priced out of the market," Mr White said. "We are the solution to the problem."

Another WA player, GEM **Biofuels** Plc, has established jatropha plantations in Madagascar, with a landholding of 452,000ha and access to an additional 40,000ha of naturally grown jatropha trees.

Formed in 2005, the company listed on the London Alternative Investment Market in late October, raising £3.5 million (\$A8.2 million) to fund the ongoing establishment of its plantations and the acquisition of a crushing plant.

GEM **Biofuels** founding director and chief executive Paul Benetti said the mill would start by producing small amounts of oil, between 6,000t and 7,000t of oil, in 2008, with production to ramp up to commercial quantities in 2009.

GEM **Biofuels** has signed a take-off agreement with Natural Fuel Ltd to supply crude jatropha oil to its Singapore biodiesel facility.

Australian Securities Exchange-listed companies Mission **Biofuels** Ltd and Natural Fuel Ltd, are making the switch to jatropha for part or all of their feedstock.