



5 September 2006

Company Announcements Officer
Stock Exchange of Newcastle Limited
Ground Floor
384 Hunter Street
NEWCASTLE NSW 2300

Sugar Terminals Limited ("Company") - Announcement relating to the sub-lease of terminals to Queensland Sugar Limited (QSL)

With reference to the Chairman's remarks at the Company's AGM held on 27 October 2005 regarding the sub-lease of the terminals by the Company to QSL, the Company advises that the Queensland Government has passed legislation to remove the vesting of sugar to QSL effective from 1 January 2006.

As a consequence, under the terms of the sub-lease, the sub-lease will terminate, unless otherwise agreed between the parties, twelve months after the cessation of vesting of sugar to QSL by legislation. It has been agreed with QSL that the existing sub-lease will continue to operate up until 30 June 2007, being twelve months after the last vested sugar has been disposed of.

On 5 September 2006, QSL and the Company have agreed to extend the term of the sub-lease on its same current terms and conditions until 30 June 2008 to enable the parties to review a range of options for the operation of the terminals.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'RB Farquhar', is written over a light blue horizontal line.

RB Farquhar
Company Secretary