



31 August 2007

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

Dear Sir

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

I refer to my letter dated 16 August 2007.

In that letter I advised that the board of STL has proposed to QSL that the sublease be extended for one year from 1 July 2008 under the same terms and conditions. A response has now been received from QSL stating that it believes there is time to properly consider, agree and implement a way forward before 30 June 2008.

Notwithstanding this, QSL has advised that while there is support for extending the lease for one year while other arrangements are investigated, there is considerable resistance within the industry to doing so on existing terms and conditions.

QSL has also advised that there is a strong view expressed by stakeholders that, at its current level, the amount of rental paid is too high with the danger that it may not allow the Queensland Sugar industry participants to be competitive in international markets.

Discussions are continuing with QSL in relation to this matter.

Shareholders will continue to be informed as information becomes available.

Yours sincerely


RB Farquhar
General Manager