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**PORT of  
TOWNSVILLE**

**PORT OF TOWNSVILLE LIMITED**  
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LATITUDE 19° 15' S | LONGITUDE 146° 50' E

15 May 2009

Mr. Guy Lane  
Manager  
Funnel  
PO Box 1203  
Townsville QLD 4810

Dear Mr Lane

### **Funnel Maritime Sustainability Program**

Port of Townsville Limited (POTL) manages the Port of Townsville - a breakwater harbour with nine operational berths – with a land and sea jurisdiction in excess of 400 square kilometres, bordering the Great Barrier Reef World Heritage Area.

The Port of Townsville, Queensland, Australia's third largest commercial port, plays a vital role in the regional economy - providing all of North Queensland with a world-class gateway for commerce and trade. Over ten million tonnes of high value bulk, break bulk and general cargo pass over its wharves every year.

POTL has long recognized the value of sustainability principles and established an environment park in the early 1990s dedicated to the growth of a range of vegetation including tall timber. This was subsequently expanded to 8ha in the 2000's providing a high quality natural spot for use by the local community and a natural habitat for native plants and animals. The park is on reclaimed land with high salt content and low nutrient value. In addition to its aesthetic value, the park provides a spatial separation between neighboring residents and port land and contributes substantially to offsetting the carbon emissions from the Corporation's light vehicle fleet.

POTL has an active environmental department and the Corporation is continually seeking new ways to manage our environmental footprint. As part of continual improvement program, POTL has established a sustainability working group charged with identifying, prioritizing and implementing sustainability initiatives to meet objectives provided in our sustainability policy.

Some of our key initiatives include the use of cleaner fuels, reduction of energy use and a strong focus on overall reduction and recycling and reuse. POTL has recently purchased its first hybrid truck for inclusion in its fleet. It is understood that this is the first such truck to be operated outside of a capital city.

POTL understands that biofuels play an important part of a sustainable fuel strategy for any organisation. It is understood that the gradual conversion from fossil fuels to biofuels needs to be undertaken with full due diligence and proper process. We are committed to this conversion wherever possible.

To this end, we are happy to continue discussions with Funnel regarding the potential benefits of the use of algae biofuels in our maritime operations.

We look forward to further communication on this matter.

Yours sincerely

Barry Holden  
Chief Executive Officer