

EVENT: BIOX CORPORATION  
2011 FIRST QUARTER RESULTS CONFERENCE  
CALL  
TIME: 09H00 E.T.  
REFERENCE: CNW GROUP  
LENGTH: APPROXIMATELY 29 MINUTES  
DATE: FEBRUARY 4, 2011

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

OPERATOR: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the BIOX Corporation 2011 Q1 Results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star, zero for Operator assistance at any time.

Listeners are reminded that portions of today's discussion, including responses to questions posed in today's call, could constitute forward-looking statements that are subject to risks and uncertainties relating to BIOX's future financial or business performance and conditions. Actual results could differ materially from those anticipated in these forward-looking statements. Risk factors that may result are detailed in BIOX's filings with Canadian securities regulatory authorities, which can be accessed at [www.sedar.com](http://www.sedar.com). Please note that BIOX is under no obligation to update any forward-looking statements discussed today except as required by applicable law, and investors are cautioned not to place undue reliance on these statements.

I would like to remind everyone that this call is being recorded on Friday, February 4<sup>th</sup>, 2011, at 9:00 a.m. Eastern Time.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

I would now like to turn the conference over to Mr. Tim Haig, President and Chief Executive Officer. Please go ahead, sir.

TIM HAIG (President and Chief Executive Officer, BIOX Corporation): Good morning, everyone, and thank you for joining our call today. This morning we issued our 2011 first quarter financial results by press release and a copy of those results is available on our website at [www.bioxcorp.com](http://www.bioxcorp.com).

With me today is Chris Clinning, our CFO. I'll summarize the key events of the quarter for BIOX, as well as the biodiesel sector, and then Chris will review our financial results for fiscal Q1 2011. Then I'll close with a few comments, followed by Q&A.

Firstly, Q1 was a very positive quarter for BIOX. The produce and store strategy we outlined when we reported our fiscal Q3 results has worked to our advantage. It has resulted with this quarter being the largest sale period to date at BIOX, reaching nearly \$27 million in sales.

We continue to produce at our target range. During Q1, we produced 14.7 million litres of methyl ester compared to 11.9 million litres of the same period last year and 14.3 in the most recent period, Q4 2010. Looking beyond our continued strong production matrix, the most important trends we are observing since the implementation of RFS2 on

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

20... on July 1<sup>st</sup>, 2010, in the US is the US blended market, biodiesel market has evolved very closely to what we expected it would. We are working with a very relatively short period since the start of RFS2 on July 1, 2010. RINs have moved significantly higher from the pre-July 2010 levels to the current... they currently stand at \$0.92, which is up 241 percent from the \$0.27 on 22 June of 2010.

Also, when the US EPA confirmed the overall blending volumes required in November of last year, it sent a clear signal to obligated parties who are producers and importers of petroleum of the US government's commitment to require minimum volumes of Biomass-based derived diesel in the US diesel pool. As we move toward the end of the first compliance period, 28 of February of this year, these same obligated parties are now moving forward to fulfill their 2011 renewable obligations in order to maintain compliance with the regulations by either blending product directly or by buying RINs on the open market, which is keeping the volumes of RINs in the range of 80 to \$0.90.

On December 17<sup>th</sup> of last year, the President of the United States signed the reinstatement and the extension of the biodiesel tax incentives into law as part of a larger Bill entitled, The Tax Relief Unemployment Insurance Reauthorization and the Job Creations Act of 2010. The

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

reinstatement through to the end of 2011 provides renewable fuels producers and blenders with certainty in pricing components of biodiesel. The retroactive nature of the Act also allows us to recapture, or to capture 3.5 million of contingent revenue we reported during Q3 and Q4 periods. Chris will review this in a moment.

I think it is useful now to review the preliminary assumptions on the market, how it has evolved with the implementation of RFS2 and now the reinstatement of the tax incentives. The price biodiesel producers in the US earn from biodiesel sales is initially made... is essentially made up of three components, the rack (phon) rate of heating oil, plus the RIN values and the US tax incentives. In our view, in order for sufficient biodiesel to be produced, the US... to produce and meet the US EPA RFS2 blending requirements, the combination of these three components must allow soil oil-based biodiesel producers to earn a margin, as soil oil is the primary biodiesel feedstock under the traditional production practices; otherwise, the soil oil producers would allow the soil oil to be used for alternative purposes that would provide them with a better margin.

With the initiation of RFS2 in July of 2010, we observed a steady increase in RIN values. As I mentioned earlier, once the EPA reconfirmed the blending volumes in November, RIN values moved upward quickly. As

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

expected, we understand a small number of US biomass... sorry, the US-based soil oil producers are planning to come back online with production in the US as RIN values have increased and with the recent passage of the US blended tax incentives.

In order for the producers to come online and to allow the refiners and importers to meet the blending requirements, we believe RIN value will have to move slightly higher or the value of seed oil slightly lower in order to generate that margin. This works to our advantage because of our proprietary patented production process allows us to use lower cost biodiesel production, capturing greater margin than the traditional higher cost soil oil-based producers. Our ability to use multi feed stocks with no pretreatment and/or yield losses set us apart from the traditional producers.

With regards to our expansion plan, as yet, we have not had confirmation from NRCan on the availability of additional funds in the ecoENERGY for Biofuels Program for a second Hamilton facility that would allow our application to be funded. We remain confident that this will be resolved in our favour, but we cannot be held up by the uncertainty of this process.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

When we reported our Q4 results, I discussed that we were reevaluating the options available to us in Canada and the US for a location of our next plant. At that time, due to the uncertainty of the market, we were taking a prudent approach to delay our expansion until market conditions improved. We are now encouraged by the improved conditions in the broader biodiesel market over the past few months due to the RFS2 obligated volumes and the clarity around the US biodiesel tax incentives. Despite the current status of the funding of our successful ecoENERGY application, we are moving forward with our expansion.

We are evaluating potential sites with the emphasis on a number of criteria including availability of infrastructure, service providers, strategic partners. It is important to remember the modular design of our process plant allows us for flexibility regarding concurrent activity, on-site preparation and off-site construction. And the biotechnology ensures a very small footprint which allows us maximum flexibility when looking for sites, service providers and strategic partners.

With that, I'll turn it over to Chris to review the financial results.

CHRIS CLINNING (Chief Financial Officer, BIOX Corporation):  
Thank you, Tim, and welcome, everyone. As Tim mentioned, Q1 was a strong quarter, including from a financial perspective. We have been able

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

to capitalize on the improvements in the underlying fundamentals of the biodiesel market, specifically with the reinstatement of the US biodiesel tax incentive and the increase in RIN values as a result of the compliance with RFS2 in the US.

Along with heating oil rack rates, these are the key factors that are impacting prices in the biodiesel market. We continue to believe that the RFS2 mandate in the US, along with the implementation of the Canadian biodiesel mandate which is expected to commence some time this calendar year, will continue to drive the long-term economics for biodiesel.

Sales volumes in Q1 were 20.9 million litres of biodiesel compared with 11.3 million litres in the same period last year. Included in the 20.9 million litres were 4.9 million litres of biodiesel that we acquired from third parties during the quarter to fulfill part of a large customer order as we had insufficient inventory in Hamilton at the time to fulfill that full order. The 85 percent increase in sales volume was primarily the result of the produce and store strategy we implemented during the third quarter of fiscal 2010, which resulted in higher levels of inventory available for sale on October 1<sup>st</sup>, 2010.

As a reminder, during the Q3 2010 call, Tim and I discussed the basics of our produce and store strategy which we implemented as a result

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

of the delayed reinstatement of the biodiesel tax incentive in the US, which in turn had negatively impacted the value of our biodiesel. The key to this strategy was that we were opportunistic in our sales approach, selling our biodiesel when prices warranted and otherwise storing biodiesel for sale at a future date, assuming higher values as a result of the implementation of RFS2 and the reinstatement of the biodiesel tax incentive. This strategy proved to be beneficial in Q4 2010 and again in Q1 2011 as the value of biodiesel has increased significantly since the end of Q3 2010.

Excluding the 3.5 million in revenue related to fiscal 2010 as a result of the reinstatement of the biodiesel tax incentive, average revenue per litre of biodiesel sold for Q1 was \$1.06 compared with \$0.98 per litre in the same period last year. This increase is due to the increases in the average heating oil rack rate and RIN values, partially offset by a \$0.04 reduction, \$0.04 per litre reduction in the ecoENERGY for biofuels producer payment incentive rate from \$0.24 per litre last year to \$0.20 per litre this year, in accordance with the Program's scheduled rate declines.

Since the implementation of RFS2 on July 1<sup>st</sup>, 2010, the value of our biodiesel is impacted by both changes in the heating oil rack rate and changes in RIN values. For each gallon of biodiesel we sell into the US, we generate 1.5 biomass-based diesel RINs. These RINs are either sold

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

with the physical product and their value is taken into account as part of the sale price, or in certain circumstances, the biodiesel is sold RINless, where RINs are separated and then sold on a standalone basis or held in inventory for sale at a future date. As of yesterday, biomass-based diesel RINs were trading for \$0.92 per RIN or the equivalent of \$1.38 per US gallon of biodiesel that we sell into the US market.

Sales of bioheavies (phon) were 2.9 million litres for Q1 compared with 1.5 million litres for the same period last year. We also sold 13.3 million pounds of glycerin during the quarter, whereas we did not have any sales of glycerin during the same period last year. The significant increase in sales of both bioheavies and glycerin during the quarter has resulted in lower inventory levels which, in turn, has allows us to decrease leased storage assets and associated costs.

Our sales revenue for Q1 was 27 million compared to 11.6 million for the corresponding period last year, an increase of 133 percent. The increase in sales revenue was primarily due to the implementation of the produce and store strategy implemented during fiscal Q3 2010, which resulted in higher levels of inventory for available on October 1<sup>st</sup>, 2010. Our sales revenue was also positively impacted by the additional 3.5

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

million of sales recognized during the quarter that I mentioned earlier and the sale of 4.9 million litres of biodiesel purchased from third parties.

Our direct expenses for Q1 were 21.8 million compared with 10.1 million in the same period last year. The increase in direct expenses for Q1 was primarily a result of higher sales volumes and higher cost per litre sold due to an increase in feedstock costs compared to the same period last year. Our feedstock costs accounted for 71 percent of direct costs for both Q1 2011 and Q1 2010. Overall feedstock costs per litre are increasing in line with the increased commodity costs of fats and oils compared with earlier periods.

Our operating income for Q1 2011 was 2.3 million compared with an operating loss of .8 million in the same period last year. The increase in operating income for the quarter was primarily due to the higher sales of biodiesel and the recognition of the 3.5 million in contingent revenue. These increases were partially offset by increased direct costs of sales per litre of biodiesel sold. Operating income prior to non-cash items for Q1 was 3.4 million compared with .3 million for the same period last year, and operating income prior to non-cash items for BIOX Canada Limited, our wholly-owned subsidiary that operates the Hamilton production facility, was 5.1 million for Q1 compared with 1.2 million for the same period last year.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Net income and comprehensive income in Q1 2011 was 1.8 million or \$0.04 per share compared with a net loss of 1.1 million or a net loss of \$0.05 per share for the corresponding period last year. At December 31<sup>st</sup>, 2010, we had a cash balance of 19.1 million compared with 21.5 million on September 30<sup>th</sup>, 2010. Our working capital balance at December 30<sup>th</sup>, 2010, was 34.5 million compared with 32.3 million at September 30<sup>th</sup>, 2010. The increase in working capital for the quarter was due to the positive operating income generated during the quarter.

As indicated earlier, once the biodiesel tax incentive was officially reinstated on December 17<sup>th</sup>, 2010, on a retroactive basis, we were able to recognize revenue of 3.5 million, previously referred to as contingent revenue. This revenue positively impacted our working capital balance and was fully collected from our customers subsequent to the end of the quarter, favourably impacting our cash balance as well.

As Tim mentioned earlier, we took an opportunistic approach in selling our biodiesel during the quarter as higher heating oil prices and higher RIN values, in combination with the reinstatement of the biodiesel tax incentive, allowed us to obtain higher values for our product. As at December 31<sup>st</sup>, 2010, we had \$11.9 million in inventory compared with

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

13.8 million at September 30<sup>th</sup>, 2010, and we expect inventory levels to decline in future quarters.

In summary, the impact of our produce and store strategy has been very positive over the past two quarters and we have sold, as we have sold into a stronger biodiesel market. The fundamentals of the market continue to improve and evolve as we had expected. With the reinstatement of the biodiesel tax incentive and increasing RIN values, the value of our biodiesel has increased significantly and future results should reflect these higher values.

With that, I'll turn it back to Tim for closing comments. Thank you again for your time and your continued support.

TIM HAIG: Thanks, Chris. As Chris outlined, Q1 was a very strong quarter for us. The reinstatement of the tax incentives allows us to book contingent revenues from Q3 and Q4. We continue to see upward pressure in RIN values, despite the reinstatement of the tax incentives. These developments with the broader biodiesel sector in North America have given us the confidence to move forward with our expansion.

In closing, we experienced a period of significant market instability within the biodiesel sector during fiscal 2010, with the uncertainty of both how RFS2 would impact the market prior to the actual implementation,

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

coupled with the delay of the reinstatement of the US biodiesel tax incentive. While that period was challenging, we remained flexible and adopted a produce and store strategy which Chris referred to and which we have discussed on previous calls. It is clear to see that our produce and store strategy has proven extremely beneficial to our results over the past nine months, as we have been able to sell product from inventory into an improving pricing environment.

We appreciate the support of investors that remained confident with BIOX through this difficult period. We remain justifiably optimistic in the stability that the obligated market can and is delivering to the industry as a whole and how the BIOX technology and we can be the low cost provider in a growing market. Thank you for joining us this morning and I'll turn it back over to the Operator to open the line for questions. Operator?

OPERATOR: At this time, I would like to remind everyone, in order to ask a question, press star, then the number one on your telephone keypad, and we'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Al Ruth (phon) from (inaudible). Your line is open.

AL RUTH: Hi, good morning, guys.

TIM HAIG: Morning, Al.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

AL RUTH: Good quarter. Can I just... The 4... There was 4.9 million litres that you bought from third parties, correct?

TIM HAIG: That's right.

AL RUTH: And so where... I'm just curious, you know, if it... what the region of the purchases, you know, where you bought it and who these guys were? Then, can you talk about margins on those purchases and if you can do that and was that a function of the storage you rented? Just, what's the deal with that purchase?

TIM HAIG: Sure. We had a very substantial order for basically double that amount of product that came in, and although we had significant inventory, it wasn't in the right place. The order was to be shipped out of Hamilton. We had some inventory in Hamilton and some in New York, in INTT (phon). And in order to not incur costs of moving inventory around for the shipment, moving it back up from New York and incurring those costs and incurring different additional storage costs, we realized that actually one of our customers had product available in Hamilton that they weren't planning on shipping for some period of time. And so we bought that product from them and combined it with the inventory we had in Hamilton and sold it in one big lot.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

In terms of margins, I mean we looked at the deal overall from a margin perspective and it was, you know, it was positive, which is why we went ahead with that transaction. As we've talked about, you know, we were holding product unless it made sense to sell it based in the market. But, of course, that product does not attract the producer payment because we bought it from a third party so that portion of the sale, the margin was a little bit lower, for sure. But without that... without adding that product into the order, we wouldn't have been able to complete that full order which was positive overall.

AL RUTH: Okay, that's interesting. The... Is there any... This is just down the rabbit hole. Is there any advantage or interesting business anecdote to be had with the order size? I mean, do people want larger orders? Is that something where, with inventory management, you could realize maybe higher prices or something like that, you know, to the extent that we don't have sort of pipelines going over the fence yet?

TIM HAIG: Well, I think definitely the trend is larger orders from our perspective because you'll recall that we were really selling everything out of Hamilton previously and we only had limited storage in Hamilton and so it was primarily, you know, sort of a continuous drain on our inventory. What we're doing now is we have much more storage down at INTT in the

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

US and I think that's allowed us to take advantage of those opportunities or larger orders by basically, you know, shipping more... shipping product down there and storing at higher volumes.

So I think, overall, you're definitely... we're definitely going to see higher levels of inventory than we've seen in the past but not because, you know, because there's not a market for it; it's just, you know, accumulating larger lots and selling it that way.

AL RUTH: Okay. Can you... and then last question, can you just give a quick update on feedstock cost trends given what's going on with soybeans and things like that? And (unintelligible) I'm assuming they're up but how it filters down and lags and if you have any ability to hedge any of this? Just your thoughts on feedstock.

TIM HAIG: Well, the trend on feedstock has definitely been up and, you know, you look at soybean oil, for instance, it's up 45 percent over last year and tallow is in a similar range, if not a little bit higher. So it's... the good news is... and the bad news is, it's gone up; the good news is the value of biodiesel has gone up along with it and that's exactly what we had always suggested would happen with the implementation of the mandates because, you know, there has to be margin.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

So we are not doing any hedging right now. We're, you know, we're certainly going to spend some time looking at that going forward. But, as of now, basically, you know, we're producing product and selling it into a market that is sort of matching from a revenue and cost perspective, so that's kind of where we're at.

AL RUTH: Do you think biodiesel... Now, I said last question and I'll get off after this, I promise (unintelligible).

TIM HAIG: That's okay, Al. Don't worry.

CHRIS CLINNING: Don't worry, Al.

AL RUTH: Do you think... Is biodiesel... The environment's obviously much better. Is biodiesel, you know, cash break even for... Has it moved... Where does it have to go? And I could do the math, but I'd much more hear your opinion in terms of the relative costs in the industry. Like, are (inaudible) like the large bean oil integrated, bean oil diesel producers like the Bungees (phon) and the RAGs (phon) of the world, are they breaking even yet do you think at this level of biodiesel?

TIM HAIG: I don't think so. I mean, I think... we've done some math and that would suggest, based on, for instance, \$0.58 RBD soil levels which is kind of where we're at right now, or around in that neighbourhood, you know, in order for them to earn a reasonable margin meaning, you

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

know, 15 percent or in that range, 15 to 20 percent, you know, the price would have to be higher. Right now, you see market quotes at, you know, 4.60, 4.70. You know, I think it would have to be significantly higher than that for them to make those types of margins, like to the tune of \$1.00 higher per gallon.

AL RUTH: Okay. Good. And I think that your inventory decision was ultimately justified so nice job, guys.

TIM HAIG: Thank you.

CHRIS CLINNING: Thank you.

OPERATOR: Again, if you would like to ask a question, press star, then the number one on your telephone keypad.

Your next question comes from the line of John McIlveen from Jacob Securities. Your line is now open.

JOHN MCILVEEN: Yes, good morning.

CHRIS CLINNING: Hey, John.

TIM HAIG: Good morning.

JOHN MCILVEEN: Of the options you have in expanding to the US, can you talk to us a little bit high level about those choices and benefits?

TIM HAIG: Yes. I mean, we've always said, John, taking it back to our... the vision of the Company has having multiple locations, and we've

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

always had discussions with service providers – those are the people that have sites – and we are in discussion with these... with some service providers about locations. We can't go into detail on the phone right now but they're sites and locations and people that would be familiar to people like yourself on the phone. We've got some great options in the States, some great options in Canada. That doesn't disclude (phon) what we're talking about in Hamilton also so we just have to work our way through some of these decisions process, but we have the vision of multiple plants at multiple times.

JOHN MCILVEEN: So, your prices aren't really affected. I mean, the US pricing is such an influence as to pretty much Canadian pricing, is it not?

TIM HAIG: Well, it is. It is. It's... You'll see the same trends in ethanol also so, yes. It'll be interesting to see what happens when the RFS... the renewable fuels standard in Canada is implemented because it is a physical product, RFS, as opposed to a RIN treatable system. So they actually have to buy physical product. I'm not sure... We're not entirely sure how that's going to play out with regards to pricing, but it would suggest that there may be a little bit more frantic buying north of the border to meet volumes but we'll have to see.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

JOHN MCILVEEN: So there's no difficulties in terms of selling into Canada; you don't have any selling into the US.

TIM HAIG: Say again? What was that, John?

JOHN MCILVEEN: You sell a fair amount into the US now. I assume it works as easily coming down the way (unintelligible).

TIM HAIG: Absolutely. It's open borders.

JOHN MCILVEEN: Okay.

TIM HAIG: Absolutely.

JOHN MCILVEEN: And in the absence of any special incentives for actually locating in another country, is there any advantage to being located in the US versus Canada?

TIM HAIG: Well, those are the... those are part of the decisions that are part of our process, you know, what could be, what benefits could we get, you know, maybe financially, et cetera, to be in different locations.

JOHN MCILVEEN: All right. Thanks then.

TIM HAIG: Thank you.

CHRIS CLINNING: Thanks, John.

OPERATOR: There are no further questions at this time. I turn the call back over to the presenters.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

TIM HAIG: Well, thank you, everyone, for joining. As I said, we remain, we believe, justifiably optimistic in the way that the market is playing out. The confusion over the blender tax credit and... has been resolved. The stability of the RFS is proving to drive prices in the direction it needs to go and it... as Chris was outlining from Al's question, we're directionally heading in the direction for the soybean guys to be able to be profitable, and that's what we need this market to be successful, and those are the volumes that will be required.

So, if there's no further questions, I'd like to thank everybody and thank investors for their confidence, and we will sign off. Have a great day.

CHRIS CLINNING: Thank you.

TIM HAIG: Thank you.

OPERATOR: This concludes today's conference call. You may now disconnect.

\*\*\*\*\*

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »