

MANILDRA GROUP

100% Australian Owned

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SHOALHAVEN MILLING COMPANY - MANILDRA FLOUR MILLS PTY. LTD. - MANILDRA STARCHES PTY. LTD. - MANILDRA SUGARS
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18 October 2007

Councillor Greg Watson
Shoalhaven City Mayor
Shoalhaven City Council
PO Box 42
NOWRA NSW 2541

Dear Sir

re: **Proposed Wastewater Treatment**

Thank you and Carmel Krogh, Director, Shoalhaven Water for meeting with Dick Honan, Tom Geczy and myself to discuss the possibility of processing the treated wastewater from the Manildra Plant on Bolong Road, Bomaderry through the Council's Sewerage Treatment Plants at Bomaderry or Nowra.

During discussions you agreed to investigate the proposal and to provide a letter outlining various options that could be further discussed between us.

The treated wastewater that Manildra proposes to be reprocessed by Council, subject to Council's agreement and an agreed arrangement between Council and Manildra is currently approximately 3ML per day and it is estimated that the volume may increase over time to 5-6ML per day as future production increases take place at the Bomaderry Plant.

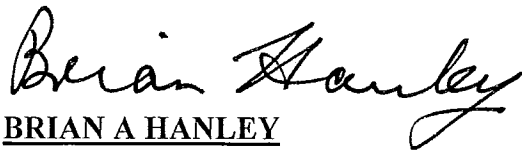
The treated wastewater has a clear appearance but contains low levels of ethanol and acetic acid with a BOD of approximately 1200-1500ppm.

We are required to provide a submission to the Land and Environment Court within the next two weeks regarding the outcome of an Environmental Audit which has just been completed and one of the recommendations in the environmental audit is for additional wastewater treatment. We propose to include in our submission to the Land and Environment court a copy of this letter plus your response to demonstrate to the Court that we are in serious discussions regarding this matter.

It would be better to utilize and upgrade, if necessary, the existing Council Sewerage Treatment Plants rather than to build a third plant in the vicinity of these two existing plants.

We look forward to receiving confirmation from you regarding the proposals you discussed with us yesterday at the meeting.

Yours faithfully

A handwritten signature in black ink that reads "Brian Hanley". The signature is written in a cursive style with a large, sweeping initial "B".

BRIAN A HANLEY
GENERAL MANAGER
SHOALHAVEN STARCHES PTY LTD