



biodiesel doesn't cost the earth

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ASX/Media Announcement
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Australia's largest biodiesel facility starts first fuel production.
ABG creates Australian Operations division.

The Australian Biodiesel Group Limited (ABG) today announced the company's new Narangba biodiesel production facility, located on the outskirts of Brisbane, has successfully completed its first production run, manufacturing biodiesel from Canola oil.

Commissioning of the facility commenced on 9 June 2006 as forecast, with fuel production and calibration of the plant now under way.

The Narangba facility is the largest biodiesel plant in Australia, with a design production capacity of 160 million litres of fuel per annum. The facility is based on processing technology developed by ABG in Australia and successfully used at the company's NSW production facility since 2002.

ABG Limited Chief Executive Officer, Dr Len Humphreys, said the company was especially pleased to deliver the facility on schedule, an outstanding achievement given the pressure on the nation's industrial construction industry during the present resources boom.

"With the introduction of the Queensland plant, our total production capacity in Australia will be 200 million litres per annum, further advancing ABG's position as Australia's leading biodiesel company," Dr Humphreys said.

Dr Humphreys also advised that the impacts of recent changes to federal fuel taxation laws, introduced on 1 July 2006, are still unclear.

"On the matter of the recently announced fuel tax bill, ABG is still working through with its customers the full consequences of the changes, and when they are properly understood, we will advise the market of any potential impact to earnings for calendar year 2006."

Australian Operations division

ABG announced that, with the commissioning of Narangba, the company has established an Australian Operations division, incorporating procurement, production, distribution and sales activities within Australia.

ABG has appointed Mr Glen Doherty as General Manager of Australian Operations. Mr Doherty was formerly the Managing Director of Asset Builders Limited, a supplier to the national construction industry, and prior to that, a senior manager with Elgas Limited and James Hardie. He holds a Masters of Management from the Macquarie Graduate School of Management.

"Glen will have full P&L responsibility for Australian operations and is charged with ensuring we supply our growing customer base with a high quality, cost effective fuel," Dr Humphreys said.

"This will allow me to focus more on the development of our international strategy, in particular North America and Europe. A ramp-up of international activities may be used to mitigate any negative impacts of recent changes to Australian fuel tax laws, if they become apparent."

Further information:

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ABG Limited is Australia's leading commercial producer of biodiesel and a licensor of its biodiesel production technology. Headquartered in Sydney, the company operates production facilities in NSW and Queensland, as well as a biodiesel feedstock supply operation. ABG's North American project development activities are managed from Calgary, Canada. Further information on ABG is available at www.abgbiodiesel.com