



biodiesel doesn't cost the earth

14 May 2007

Company Announcements Office
Australian Securities Exchange
Level 10, 20 Bond Street
Sydney NSW 2000

Dear Sir/Madam

Rights Issue Prospectus Mailing

ABG Limited confirms the mailing today to shareholders of the company's Rights Issue Prospectus, as released to the ASX on 23 March 2007.

Please find attached a letter from the ABG Limited Chairman to shareholders included in today's mailing.

Yours sincerely

**Corporate Affairs Manager
ABG Limited**



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Dear fellow shareholder

Rights Issue Prospectus and Acceptance and Entitlements Form

Please find enclosed Australian Biodiesel Group (ABG) Limited's Non-Renounceable Rights Issue Prospectus and Entitlements and Acceptance Form. I recommend that you read the Prospectus carefully and consult your stockbroker, solicitor, accountant and/or financial advisor before deciding whether to take up your rights.

As explained in the Prospectus, you may either:

- Take up your Rights and subscribe for Additional Shares;
- Take up all or part of your Rights; or
- Do nothing and allow your Rights to lapse.

Note that the proposal by the three alternative Director candidates to seek election to the ABG Limited Board at the company's AGM has been withdrawn and the Rights Issue may now proceed without hindrance. The announcement by ABG Limited on 2 May 2007 of the withdrawal by the alternative candidates appears on the reverse of this letter. Please note that Resolutions 1, 2 and 3 (related to the election of alternative Director candidates) as detailed in the ABG Limited Notice of Meeting and Explanatory Memorandum of 23 April 2007, will not be put to the company's AGM on 25 May 2007.

To be eligible to participate in the Rights Issue, your Entitlements and Acceptance Form and accompanying payment must be received by our share registry, Link Market Services, by 5pm on Monday 28 May 2007. Please see Section 3 of the Prospectus for full instructions.

If you have any questions in regard to your entitlement, please contact Link Market Services on 1300 784 494. If you have any questions in regard to the Prospectus, please contact the Manager of the offer, BBY Limited, on (02) 9226 0072.

Yours sincerely

Dr John Keniry
Chairman

14 May 2007



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**ASX/Media Announcement
(ASX: ABJ)**

2 May 2007

Withdrawal of alternative Director candidates

Australian Biodiesel Group Limited (ABG) has been notified in writing by Mr George Muirhead, Mr Gary Seaton and Mr Randall Jitts that they have withdrawn their nominations for Directorships of ABG Limited.

Mr Muirhead has also confirmed that an alternative funding offer will not be made to ABG Limited.

As a result of the withdrawals, Resolutions 1, 2 and 3 (proposing the election of Mr Muirhead, Mr Seaton and Mr Jitts), as detailed in ABG Limited's Notice of Meeting and Explanatory Memorandum of 23 April 2007, will not be put to the company's Annual General Meeting on 25 May 2007.

ABG Chairman John Keniry said the withdrawal of the alternative Director candidates cleared the way for the company's underwritten Rights Issue to proceed without hindrance.

About ABG Limited

Australian Biodiesel Group Limited (ABG) is the nation's leading manufacturer of biodiesel. The company's Narangba, Queensland, production facility is the nation's largest, supplying biodiesel to fuel wholesalers, distributors and large customers. ABG also operates a biodiesel raw material supply operation and is involved in project development in North America.

Further information: Brian Stewart, Corporate Affairs Manager, (02) 8908 4300.