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

14 May 2007

Termination of ArcLight agreement

Australian Biodiesel Group Limited (ABG) today announced the termination of the joint venture agreement with ArcLight Capital Partners LLC in North America, by mutual agreement between the parties.

The termination is due to changes in North American personnel and strategy at ABG and changes in strategy at ArcLight.

ABG Chief Executive, Mr Martin Earp, said ABG and ArcLight retained the opportunity to consider project investment on a non-exclusive basis.

"The termination of the agreement provides ABG with additional flexibility in developing funding approaches for North American development," Mr Earp said.

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