



ASX Announcement
(ASX: ABJ)

12 October 2007

Company Update

Australian Biodiesel Group Limited (ABG) today provided the following update on company activities:

Biodiesel Sales

ABG advises that the company has gradually been restoring sales volumes over the third quarter, following the shutting down of direct customer supply activities over the second quarter of 2007. ABG now only supplies biodiesel to a select number of large fuel blenders and distributors and the company has been migrating its previous customers to these new providers over the winter period.

With former customers taking time to engage with new distributors and with the traditional winter slowdown in biodiesel consumption, total sales for the third quarter totaled 1.115m litres. However, forward sales orders have been growing over recent weeks and ABG anticipates sales to average around 1 million litres per month over the final quarter of the year.

ABG has now secured four quality independent distribution partners with the capability of supplying large volumes of blended biodiesel to end-users in Queensland and New South Wales. A number of specialist distributors are also seeking to become blenders of ABG biodiesel for niche markets.

Interest in ABG Assets

ABG advises that the company is currently in discussions with a number of parties regarding the possible sale of assets, previously identified as non-core to the operations of the business. ABG will keep the market informed on the progress of possible asset sales.

Brisbane Bus Trial

ABG advises that a trial currently being undertaken of biodiesel blends in Brisbane City Council buses is using biodiesel manufactured by ABG. Pre-blended B20 (20% biodiesel, 80% diesel) is supplied to the Brisbane City Council via a Brisbane fuel distributor. The trial focuses on 25 buses over a four month period and is expected to provide persuasive case study data on the benefits of utilising biodiesel blends.

North American Development

ABG confirms a development agreement has been finalised with Tadanac of Houston, Texas, to fund the remaining development and arrange financing for the proposed Tri-Cities biodiesel project in Illinois. Details of the development agreement were announced to the market on 18 July 2007.

Further information: Brian Stewart, Corporate Affairs Manager, (02) 9037 7252 or 0406 769 818.