



AUSTRALIAN RENEWABLE
FUELS LIMITED

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ASX Release

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

ARW Proves Tallow Suitability

Australian Renewable Fuels Limited (ARF) (ASX Code: ARW) is pleased to provide the market with the following update.

As part of the production ramp process, a range of feedstock trials have been undertaken at ARF's Adelaide Plant since the start of July this year. We are now able to report that the plant has successfully processed a range of feed materials:

1. Unrefined canola oil;
2. Tallow blended 80/20 with unrefined canola (as well as lesser blends); and,
3. Used cooking oil blended 30/70 with unrefined canola (as well as lesser blends).

All of the above feedstock blends have been processed to produce biodiesel that meets the Australian Biodiesel Standard, although as expected, cloud point has been higher than is acceptable for general usage in the case of some of the blends.

This success represents a significant step for ARF and demonstrates the company's ability to utilise low cost feed material that other operators appear unable to successfully process. It represents clear commercial advantage in the biodiesel sector.

The ARW business model relies on the use of low cost feed materials such as tallow and used cooking oil to lower its input costs relative to those of its competitors in the industry.

The company will now direct its efforts towards completing the production ramp for both the Adelaide and Picton projects and achieving design capacity and utilisation. The experience gained in Adelaide is directly transferable to the Picton operations.

ARF is also pleased to advise that it has commenced sales of biodiesel in commercial volumes into the Australian market, notwithstanding recent legislative changes relating to excise and fuel grants. These legislative changes, which the Company

recently advised the market of, have necessitated a significant rescheduling of the group marketing plan.

While ARF's biodiesel sales contracts with both Dermody Petroleum (South Australia) and Westfuel (Western Australia) remain in place, the legislative changes have made the minimum volume requirements contained within the contracts unenforceable due to typical Force Majeure clauses contained within both sales agreements. The abovementioned recent sales to high volume commercial customers are clear evidence however, that considerable progress has been made in the rebuilding of ARF's group marketing plan.

For further information, please contact:

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