AUSTRALIAN RENEWABLE FUELS LIMITED

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ABN 66 096 782 188

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Wednesday 31 January 2007

ASX Release

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

Dear Sir/Madam,

Lodgement of Appendix 4C

The Board of Australian Renewable Fuels Limited (ASX code: ARW) herewith lodges the Appendix 4C for the second quarter of the financial year ending 30 June 2007.

For further information, please contact:

Australian Renewable Fuels Limited
Max Ger
Finance Director
T: 08 9363 3500
E: info@arfuels.com.au

ENDS

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Australian Renewable Fuels Limited

ABN	Quarter ended ("current quarter")
66 096 782 188	**31 December 2006**

Consolidated statement of cash flows

Cash flows related to operating activities			**Current quarter $A'000**	**Year to date 6 months $A'000**
1.1	Receipts from customers		1,588	2,161
1.2	Payments for	(a) staff costs	(1,029)	(2,002)
		(b) advertising and marketing	(122)	(244)
		(c) research and development	(16)	(16)
		(d) leased assets	(9)	(17)
		(e) other working capital	(2,867)	(8,499)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		15	104
1.5	Interest and other costs of finance paid		(51)	(63)
1.6	Income taxes paid		-	-
1.7	Laboratory Income		39	39
	Net operating cash flows		**(2,452)**	**(8,537)**

		Current quarter $A'000	Year to date 6 months $A'000
1.8	Net operating cash flows (carried forward)	**(2,452)**	**(8,537)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) group expansion	(354)	(782)
	(d) intellectual property	(3,851)	(5,846)
	(e) physical non-current assets	(160)	(1,820)
	(f) other non-current assets	(124)	(1,118)
	(g) other current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	GST movement	180	670
	Net investing cash flows	**(4,309)**	**(8,896)**
1.14	**Total operating and investing cash flows**	**(6,761)**	**(17,433)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	(13)	(13)
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings – Shareholder loans	3,905	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other - Grants	-	53
	Net financing cash flows	**3,892**	**40**
	Net increase (decrease) in cash held	**(2,869)**	**(13,488)**
1.21	**Cash at beginning of quarter/year to date**	**(596)**	**10,023**
1.22	**Exchange rate adjustments to item 1.20**	**-**	**-**
1.23	**Cash at end of quarter**	**(3,465)**	**(3,465)**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	**196**
1.25	Aggregate amount of loans to the parties included in item 1.11	**Nil**

1.26 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter ended 31 December 2006, the ARF Group completed its financial obligations in connection with the acquisition of the Patent Rights for the Energea technology in the NAFTA Zone. This led to the establishment of United States based subsidiaries, American Renewable Fuels Inc. and Energea Inc.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

During the quarter under review, Energea Umwelttechnologie GmbH acquired a minority shareholding in American Renewable Fuels Inc. under the purchase agreement between American Renewable Fuels Inc and Energea Umwelttechnologie GmbH for the NAFTA Rights.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	3,000	2,783
3.2	Credit standby arrangements	6,500	682
3.3	Bank guarantees provided to third parties	260	260
	Total financing facilities available at end of quarter	**9,760**	**3,725**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	42	1,678
4.2	Deposits at call	-	1,124
4.3	Bank overdraft	(724)	(615)
4.4	Other (Multiple advance facility)	(2,783)	(2,783)
	Total: cash at end of quarter (item 1.22)	**(3,465)**	**(596)**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	**Disposals** *(Item 1.10(a))*
5.1	Name of entity	-	-
5.2	Place of incorporation or registration	-	-
5.3	Consideration for acquisition or disposal	-	-
5.4	Total net assets	-	-
5.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 31st January 2007
Finance Director

Print name: Max Louis Ger

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

    - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
    - 9.2 - itemised disclosure relating to acquisitions
    - 9.4 - itemised disclosure relating to disposals
    - 12.1(a) - policy for classification of cash items
    - 12.3 - disclosure of restrictions on use of cash
    - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.