



AUSTRALIAN RENEWABLE  
FUELS LIMITED  
ABN 66 096 742 188  
SUITE 3  
18 ANDOVE ST  
NORTH PERTH WA 6006  
PO BOX 119  
NORTH PERTH WA 6006  
TEL + 61 8 9227 7488  
FAX + 61 8 9227 0101  
EMAIL [info@arfuels.com.au](mailto:info@arfuels.com.au)  
WEB [www.arfuels.com.au](http://www.arfuels.com.au)

**Monday 7 July 2008**

James Rowe  
Manager, Issuers (Perth)  
Australian Stock Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH, WA, 6000

Dear Sir,

Response to ASX letter dated 4 July 2008 – Price Query

With reference to your letter dated 4 July 2008 we advise as follows;

The following information is submitted of matters of which the Company is aware that, if announced, could be an explanation for recent trading in the Company's securities;

**1a** The Company has received an offer from a Melbourne based Group for a substantial investment into Australian Renewable Fuels Limited. The offer specifies a price for a placement in ARW and details a proposal for the expansion of ARW's core business into biodiesel production, generation of clean energy and production of desalinated water. The impact of such an expansion of core activity would be to absorb ARW's unsold production and result in a profitable company. ARW alluded to this possibility in the Chairman's letter of our recently issued Rights Issue prospectus.

**1b** ARW expects to receive bank finance approval for the earlier announcement regarding the proposed contract with a prominent West Australian resource company for the sale of a minimum of 5 million litres per annum of biodiesel from its Picton (WA) plant. That announcement also indicated the requirement for the resource company to be satisfied with the terms of the Supply Agreement. Present indications are that the resource company will approve the core terms of the Agreement.

**2** In relation to the proposed investment mentioned in 1a above, no announcement can be made at this time as ARW has counter-offered on the proposal from the Melbourne based Group and it is anticipated that agreement between the parties is unlikely to be achieved in the next few days. Additionally, the Offeror has indicated that they will not entertain a higher price in their proposal.

In relation to the proposed contract with the West Australian resource company, ARW has not yet formally received approval of bank funding for the infrastructure required at the resource company's minesite. Further, the draft agreements are still to be approved by the resource company's legal counsel. We do not expect a reply to either matter until late this week.

**3** We believe that recent public announcements following the issue of Professor Ross Garnaut's regarding climate change and the impact of a carbon trading scheme have drawn awareness to the benefits of utilizing ARW's climate friendly biodiesel and the potential financial gains to biodiesel customers.

The recent significant spike in the world oil prices has also led to increased speculation into the future profitability of companies that produce fuel. ARW's biodiesel is a direct substitute for mineral diesel.

**4** To the best of our knowledge, ARW has complied in full with the listing rules and, in particular, listing rule 3.1.

**5** ARW considers that a Trading Halt in its securities at this time is inappropriate due to the high level of risks associated with both matters mentioned in item 1 above. ARW will make appropriate announcements **immediately** upon confirmation of either contract being concluded.

Australian Renewable Fuels Limited  
Max Ger  
Chief Financial Officer (Group)  
Chief Executive Officer (Australia)  
T: 08 9227 7688  
E: [Info@arfuels.com.au](mailto:Info@arfuels.com.au)



ASX Limited  
ABN 98 008 624 691  
Level 8  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

GPO Box D187  
Perth WA 6840

Telephone 61 08 9224 0001  
Facsimile 61 08 9221 2020  
Internet <http://www.asx.com.au>

4 July 2008

T Oosterhof  
Company Secretary  
Australian Renewable Fuels Limited  
Suite 3  
18 Angove Street  
NORTH PERTH WA 6006

By Facsimile: 92270101

Dear Tania

**Australian Renewable Fuels Limited (the "Company")**

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from \$0.036 on 1 July 2008 to a high of \$0.061 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [james.rowe@asx.com.au](mailto:james.rowe@asx.com.au) or by facsimile on facsimile number **08 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later 8am on 7 July 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,

  
James Rowe  
**Manager, Issuers (Perth)**

Direct Line: 08 9224 0001