

KING & WOOD
MALLESONS

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

T +61 2 9296 2000
F +61 2 9296 3999

www.kwm.com

15 August 2012

BY FAX +61 2 9778 0999

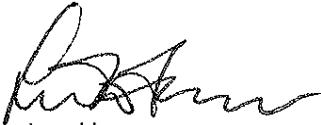
The Manager
Company Announcement Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Notice of Initial Substantial Holder

In accordance with section 671B of the Corporations Act 2001 (Cth), we attach a Notice of Initial Substantial Holder (Form 603) in respect of Australian Renewable Fuels Limited.

Yours sincerely



Lee Horan
Partner
Direct line +61 9296 2283
Email lee.horan@au.kwm.com

Encl 1

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**

To: Company Name/Scheme AUSTRALIAN RENEWABLE FUELS LIMITED

ACN/ARSN ACN 096 782 188

1. Details of substantial holder (1)

Name LIGNOL ENERGY CORPORATION

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 14 / 08 / 2012

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY SHARES	275,000,000	275,000,000	11.26%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
LIGNOL ENERGY CORPORATION	Relevant interest arises by virtue of Share Purchase Agreement dated 14 August 2012 entered into by Wasabi Energy Limited and Lignol Energy Corporation (see Annexure A).	275,000,000 ordinary shares
Each associate set out in Annexure B	Relevant interest arises as each entity set out in Annexure B is a subsidiary of Lignol Energy Corporation.	275,000,000 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
LIGNOL ENERGY CORPORATION	WASABI ENERGY LIMITED	LIGNOL ENERGY CORPORATION	275,000,000 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-Cash	
LIGNOL ENERGY CORPORATION	14 August 2012	Pursuant to the Share Purchase Agreement	Pursuant to the Share Purchase Agreement	275,000,000 ordinary shares

603 page 2/2 15 July 2001

		attached as Annexure A	attached as Annexure A	

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See Annexure B	Each entity set out in Annexure B is a subsidiary of Lignol Energy Corporation.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
LIGNOL ENERGY CORPORATION	Unit 101 - 4705 Wayburne Drive Burnaby, British Columbia Canada V5G 3L1

Signature

print name DAVID W. TURNER capacity EVP + CFO
 sign here  date 14/08/2012

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

603 GUIDE page 1/1 13 March 2000

Annexure A

This is Annexure A referred to in Form 603 ("Notice of initial substantial holder") and is signed by me, David W. Turner as Executive Vice President & Chief Financial Officer of Lignol Energy Corporation as a true copy.

Sign here:

Date: 14/08/2012

Share Purchase Agreement dated 14 August 2012

EXECUTION COPY

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 14th day of August, 2012.

BETWEEN:

Wasabi Energy Limited, ABN 24 000 090 997 a corporation incorporated under the laws of Australia and having its registered office at Level 9, 175 Collins Street, Melbourne, VIC 3000, Australia (the "**Vendor**")

AND:

Lignol Energy Corporation, a corporation incorporated under the laws of the Province of British Columbia and having its registered office at Unit 101 - 4705 Wayburne Drive, Burnaby, British Columbia V5G 3L1 (the "**Purchaser**")

WHEREAS

- A. The Vendor is the registered and beneficial owner of 275,000,000 ordinary shares (the "**Shares**") in the capital of Australian Renewable Fuels Limited ABN 66 096 782 188 (the "**Company**").
- B. The Vendor, as the registered and beneficial owner of the Shares, has agreed to sell, and the Purchaser has agreed to purchase, the Shares, on the terms and conditions contained in this Agreement.

NOW THEREFORE in consideration of the Purchase Price and the premises and covenants and agreements contained in this Agreement, the parties agree with each other as follows:

1. INTERPRETATION

1.1 Headings. The division of this Agreement into Articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and sections are to Articles and sections of this Agreement.

1.2 Extended Meanings. In this Agreement words importing the singular number only shall include the plural and vice versa, wordings importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and companies.

EXECUTION COPY

1.3 Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to Canadian dollars.

2. PURCHASED SHARES AND PURCHASE PRICE

2.1 Shares Purchased. Subject to the terms and conditions of this Agreement and based on the representations and warranties of the Vendor set forth in this Agreement, on the Closing Date (as defined in section 6.1) the Vendor will sell, assign and transfer to the Purchaser and the Purchaser will purchase from the Vendor all (but not less than all) of the Shares, including all dividends or other entitlements declared or paid after the date of this Agreement, and other rights attaching to the Shares at, or arising after, the date of this Agreement, at \$0.015 (AUD) per Share for a total purchase price of \$4,265,770 in Canadian currency (the "**Purchase Price**").

2.2 Payment of Purchase Price. The Purchase Price will be paid and satisfied through the payment of: (i) \$500,000; (ii) the issue of 19,000,000 common shares in the capital of the Purchaser at \$0.08 per common share; and (iii) a secured convertible debenture in the amount \$2,245,770 in the form agreed between the parties (collectively, the "**Consideration**"); and will be delivered by the Purchaser to the Vendor on the Closing Date against delivery to the Purchaser of the documents set out in section 6.2.

3. VENDOR'S REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. In order to induce the Purchaser to enter into and consummate this Agreement, the Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor is duly incorporated under the laws of Australia and has all necessary power, authority and capacity to enter into this Agreement and to perform its duties and obligations under this Agreement;
- (b) this Agreement has been duly and validly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor, enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally;
- (c) the Vendor has not entered into any agreement or taken any other action which would result in there being any commissions, fees or other amounts payable to a broker or other agent in respect of the purchase and sale of the Shares under this Agreement;
- (d) the Vendor has due and sufficient right to transfer the legal and beneficial title to and ownership of the Shares to the Purchaser, free and clear of all liens, claims, charges, encumbrances and any other rights of others;

EXECUTION COPY

- (e) each of the Shares has been held by the Vendor for at least 12 months prior to the date of this Agreement;
- (f) the sale or transfer of the Shares by the Vendor to the Purchaser may be made without a disclosure document and there are no restrictions on the sale or transfer of the Shares by the Vendor to the Purchaser;
- (g) no person, firm or corporation has any agreement or option or any right capable at any time of becoming an agreement to:
 - (i) purchase or otherwise acquire the Shares; or
 - (ii) require the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Shares other than under this Agreement;
- (h) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of:
 - (i) any of the provisions of the constitutional documents of the Vendor;
 - (ii) any agreement or other instrument to which the Vendor is a party or by which the Vendor is bound; or
 - (iii) any applicable law in respect of which the Vendor must comply;
- (i) the Vendor has no knowledge of any misrepresentation in the public record of the Company; nor any knowledge of any information disclosed by the Company to its shareholders, the Australian Securities Exchange ("ASX") or Australian Securities & Investments Commission ("ASIC"), by the Company which, as of the date disclosed by the Company:
 - (i) was false or misleading or deceptive in any material respect;
 - (ii) contained any material omissions (other than omissions of matters which the Company was not required to disclose under ASX Listing Rule 3.1 as at that date); or
 - (iii) involved conduct which is misleading or deceptive in any material respect;

where knowledge means the actual knowledge of the senior officers of the Vendor after due inquiry;

EXECUTION COPY

- (j) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress or, to the knowledge of the Vendor, threatened against or related to the Shares or which would affect the Vendor's ability to sell the Shares as provided for in this Agreement;
- (k) the Vendor is not under any obligation, contractual or otherwise, to request or obtain the consent of any person, and no permits, licenses, filings, certifications, authorizations or approvals of, or notifications to, any governmental authority are required to be obtained by the Vendor in connection with the execution, delivery or performance of this Agreement or the completion of the transactions contemplated herein; and
- (l) it does not possess or is not aware of any information that is not generally available but which if it were generally available a reasonable person would expect to influence, or would be likely to influence, persons who commonly invest in securities in deciding whether or not to buy or sell the Shares.

4. PURCHASER'S REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties. In order to induce the Vendor to enter into and consummate this Agreement, the Purchaser represents and warrants to the Vendor as follows:

- (a) the Purchaser has been duly incorporated under the laws of British Columbia and has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its duties and obligations under this Agreement;
- (b) this Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally; and
- (c) the Purchaser has not entered into any agreement or taken any other action which would result in there being any commissions, fees or other amounts payable to a broker or other agent in respect of the purchase and sale of the Shares under this Agreement.

5. CONDITIONS PRECEDENT

5.1 Conditions for the benefit of the Purchaser. The sale by the Vendor and the purchase by the Purchaser of the Shares are subject to the following conditions, which are for the exclusive benefit of the Purchaser and which are to be performed or complied with at or prior to the Closing Date:

EXECUTION COPY

- (a) the representations and warranties of the Vendor set forth in section 3.1 will be true and correct at the Closing Date with the same force and effect as if made at and as of such time;
- (b) the Vendor will have performed or complied with all of the obligations and covenants and conditions of this Agreement to be performed or complied by the Vendor at or prior to the Closing Date;
- (c) no material adverse change in respect of the Company, its business, assets, liabilities or results of operations will have occurred from the date hereof to the Closing Date;
- (d) all applicable regulatory and shareholder approval necessary to complete the transaction contemplated herein will have been obtained;
- (e) all necessary steps and proceedings will have been taken to permit the Shares to be duly and regularly transferred to and registered in the name of the Purchaser; and
- (f) the Purchaser shall have successfully completed a concurrent private placement for a minimum amount of \$2.1 million of its common shares at \$0.08 per common share.

5.2 Conditions for the benefit of the Vendor. The sale by the Vendor and the purchase by the Purchaser of the Shares are subject to the following conditions, which are for the exclusive benefit of the Vendor and which are to be performed or complied with at or prior to the Closing Date:

- (a) the representations and warranties of the Purchaser set forth in section 4.1 will be true and correct at the Closing Date with the same force and effect as if made at and as of such time;
- (b) the Purchaser will have performed or complied with all of the obligations and covenants and conditions of this Agreement to be performed or complied by the Purchaser at or prior to the Closing Date;
- (c) all applicable regulatory and shareholder approval necessary to complete the transaction contemplated herein will have been obtained;
- (d) no material adverse change in respect of the Purchaser, its business, assets, liabilities or results of operations will have occurred from the date hereof to the Closing Date; and
- (e) the Purchaser shall have successfully completed a concurrent private placement for a minimum amount of \$2.1 million of its common shares at \$0.08 per common share.

EXECUTION COPY

6. CLOSING

6.1 Closing. The closing of the purchase and sale as contemplated by this Agreement shall take place on or about August 22, 2012, and in no event later than August 30, 2012 (unless otherwise extended by the parties), and at such time and place as agreed to by the parties (the "Closing Date").

6.2 Vendor's Closing Documents. On the Closing Date, the Vendor will tender to the Purchaser:

- (a) a certified copy of a resolution of the directors of the Vendor in form satisfactory to the Purchaser, acting reasonably, authorizing the execution and delivery of this Agreement and the sale of the Shares;
- (b) a bring down certificate (in relation to the representations and warranties set out in clause 3.1) dated the Closing Date;
- (c) an executed share transfer form in respect of the Shares in form satisfactory to the Purchaser, acting reasonably;
- (d) the Vendor's shareholders reference number in respect of the Shares;
- (e) a holding statement from the Company's share registry evidencing the Vendor's titles to the Shares;
- (f) the share certificates representing the Shares registered in the name of the Vendor (if any); and
- (g) any other documentation reasonably required to give effect to this Agreement on the terms and conditions set out herein.

6.3 Purchaser's Closing Documents. On the Closing Date, the Purchaser will tender to the Vendor:

- (a) a certified copy of a resolution of the directors of the Purchaser in form satisfactory to the Vendor, acting reasonably, authorizing the execution and delivery of this Agreement, the entering into the convertible debenture, the issuance of 19,000,000 common shares in the capital of the Purchaser to the Vendor and the purchase of the Shares;
- (b) a bring down certificate (in relation to the representations and warranties set out in clause 4.1) dated the Closing Date;
- (c) the Consideration to the Vendor for the Purchase Price; and
- (d) any other documentation reasonably required to give effect to this Agreement on the terms and conditions set out herein.

EXECUTION COPY

7. INDEMNIFICATION

7.1 Indemnification. Subject to the provisions of this Section 7, each of the parties agrees to defend, indemnify and save harmless the other party and its respective affiliates (as defined in the *Business Corporations Act* (British Columbia)) and their respective directors, officers, partners, employees, advisors and agents (as applicable) (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against all losses, claims, damages, liabilities, costs and expenses, including, without limitation, all amounts paid to settle actions or satisfy judgments or awards and all reasonable legal fees and expenses incurred by any Indemnified Party in connection with investigating or defending (directly or indirectly) any of the foregoing:

- (a) any breach by the other party or any misrepresentation or inaccuracy of any representation or warranty of the party contained in this Agreement or in any document or instrument delivered pursuant hereto; and
- (b) any material breach or non-performance by the other party of any covenant or obligation to be performed by the party which is contained in this Agreement or in any document or instrument delivered pursuant hereto.

7.2 Claims for Breach of Warranty. Despite any other provision of this Agreement, each of the following applies in respect of this Agreement:

- (a) a party is not liable to make any payment to any other party (whether by way of damages or otherwise) under or for any breach of any representation or warranty unless a claim (a "**Warranty Claim**") is made in writing by the party (the "**Claimant**") making a claim against the breaching party (the "**Defaulting Party**"), setting out full details including details of each fact, circumstance or matter giving rise to the breach, the nature of the breach and the Claimant's calculation of the loss suffered, within a reasonable time after the Claimant becomes aware of the fact, circumstance or matter on which the Warranty Claim is based and, in any event, on or before the date 12 months after the Closing Date ("**Expiration Date**"). Despite any other provision of this Agreement to the contrary, the Defaulting Party's liability (under this Section 7.2 or otherwise) for breach of any Warranty will cease and be extinguished on the Expiration Date.
- (b) if, after a Defaulting Party has made any payment to a Claimant for any breach of any representation or warranty, the Claimant receives any benefit or credit by reason of matters to which the breach relates, then the Claimant must immediately repay to the Defaulting Party a sum corresponding to the amount of the payment or (if less) the amount of the benefit or credit;