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Notice to the ASX

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Acquisition of Biodiesel Producers' Business

The Boards of Australian Renewable Fuels Limited (ASX: ARW) and Biodiesel Producers Limited (**BPL**) are pleased to announce that they have now signed formal agreements under which, subject to certain conditions:

- (a) ARW's wholly owned subsidiary (ARF Adelaide Pty Ltd) will acquire the business and assets of BPL for a consideration of approximately \$ 25 million to be satisfied by:
- a working capital facility of not less than \$12 million (which ARW will accept through a facility to be arranged by BPL); and
 - the issue by ARF Adelaide of a promissory note with a face value of \$13.65 million; and
 - a onetime payment to the minority shareholders of BPL
- (b) ARW will purchase convertible notes issued by BPL with a face value of \$17 million in consideration for:
- the issue, subject to shareholder approval, by ARW to the BPL note holders of 5 year non-redeemable secured convertible notes with an aggregate face value of \$13.65 million;
 - possible additional payments, conditional upon the performance of the BPL biodiesel plant at Barnawartha, Victoria; and
 - The payment of \$1 million in cash.

All amounts payable by ARW under the ARF convertible notes and any additional payments by ARW referred to above will be secured by the assets of ARF Adelaide (including its plant at Largs Bay, South Australia and the biodiesel plant being acquired from BPL).

ARW will offer to purchase the shares of the shareholders in BPL (other than those held by the BPL note holders) at a price of 7 cents per share, payable on or before 31 December 2011. If all BPL shareholders to whom the offer is made accept the offer, ARW will pay a maximum of \$2.8 million for the BPL shares.

ARW will shortly convene a meeting of shareholders to approve the issue of the convertible notes. The BPL business and assets will be integrated into a combined operating structure, with ARW to clearly focus on optimising the current BPL business model and using the resources of the current BPL management team.

"This has been a very positive process for both parties" said Tom Engelsman, Chief Executive of Australian Renewable Fuels, "allowing us to jointly review the benefits for the industry as well as for the shareholders. The growing focus in the Australian sector on renewable fuels is a very strong positive for the company, and will allow for us to better service the growing Australian market".

Andrew White, Managing Director of BPL stated that "in joining the ARW current structure, BPL will be able to bring very strong product and market benefits, as well as the strength of the management team. The consolidated entity will allow for further expansion of the BPL market reputation, and hence should allow us to create an optimal service model in the carbon reducing environment we face today".

On the basis of these combined resources, ARW will have a total production capacity of some 150 million litres per year of 100% Biodiesel, and as such will be able to serve the national customer base with plants located in Picton (WA) Largs Bay (SA) and Barnawartha (Vic). All of the product is produced using non-food grade feed stock, and fully meets Australian and international standards. The original investment in plant and equipment for all of these plants was in excess of \$ 100 million

Yours faithfully
Australian Renewable Fuels Limited