



Australian Renewable Fuels Limited
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29 July 2014

The Manager
ASX Market Announcements

Australian Renewable Fuels Limited (ASX:ARW)

Please find attached an update from Australian Renewable Fuels Limited in relation to the impact on the Company of the Federal Government's proposed biodiesel excise changes.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Mark Licciardo", with a long, sweeping horizontal line extending to the right.

Mark Licciardo
Company Secretary



ASX ANNOUNCEMENT

AUSTRALIAN RENEWABLE FUELS LIMITED (ASX:ARW)

29 July 2014

Further to ARW's announcements dated 16 May 2014 and 7 July 2014 regarding the impact on the company of the Federal Government's proposed biodiesel excise changes, we provide the following update.

The company continues to strenuously lobby the government to amend the proposed excise changes to reduce the negative unintended consequences on the Australian biodiesel industry.

Although the final position is not yet known the ARW board has reviewed the potential outcomes and made a number of structural decisions to place the company in the best possible go forward position. Specifically the following changes will be implemented.

- Biodiesel production will cease at the Adelaide (Largs Bay) plant. The Board is examining a number of options for the future of the Largs Bay site.
- Production will continue at the Picton (WA) plant and we will continue to pursue sales and move to finalise negotiations to secure access to mainstream diesel distribution terminals in WA.
- Production will continue at the Barnawartha (Albury) plant.
- The corporate head office will be reduced in size and moved to the Barnawartha plant. Forecast annual savings of over \$300,000 per annum.
- The cost of the ARW board will be reduced by 50% through a reduction in the number of Directors and reduction in each Director's remuneration. Forecast annual savings of \$185,000 per annum.
- The Board will be reduced from a total of six directors to four comprising three Non-Executive Directors and the Managing Director. The Chairman, Mr Philip Garling has announced his intention to retire from the Board as part of this initiative. Mr Julien Playoust has previously announced his intention to retire. A further update on the Board composition including the transition from Mr Garling as Chairman to a new Chairman will be made during August.
- We anticipate the above measures and the impact of the proposed budget legislation will result in an impairment of the carrying value of the Largs Bay and Picton plants of up to \$4m in aggregate for the financial year ending 30 June 2014.
- The estimated unaudited operating result for the year ended 30 June 2014, excluding the abovementioned impairment charges, is forecast to be a loss of approximately \$2m.
- We note that ARW's Appendix 4C Cash Flow Statement has been lodged today. Highlight's include:
 - Cash positive result for the Quarter and Year ended 30 June 2014;
 - A cash balance of \$1m;
 - Undrawn credit facilities of \$5.5m.

Any queries in relation to the above should be directed to Andrew White, Chief Executive Officer on 03 9981 0011 or info@arfuels.com.au.