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18 June 2015

ASX Limited

**Australian Renewable Fuels Limited (ASX:ARW)
COMPANY UPDATE - BIODIESEL EXCISE POSITION RESOLVED FAVOURABLY**

Please find attached an update from Australian Renewable Fuels Limited in relation to the Government's announcement on the taxation treatment of Biodiesel. Also attached is a copy of the Government's media release.

The trading halt in the company's shares can now be lifted.

Yours faithfully
Australian Renewable Fuels Limited

A handwritten signature in black ink, appearing to read "Mark Licciardo", written over a faint, light-colored signature line.

Mark Licciardo
Company Secretary



ASX ANNOUNCEMENT

AUSTRALIAN RENEWABLE FUELS LIMITED (ASX: ARW)

18 June 2015

BIODIESEL EXCISE POSITION RESOLVED FAVOURABLY

Australian Renewable Fuels Limited (ARfuels) welcomes the Government's announcement of last night on the taxation of biodiesel produced in Australia.

The announcement confirms bipartisan agreement for the taxation of biodiesel. The agreement will see the phase in of excise payable on biodiesel in equal increments over the next 16 years, from a zero rate in 2015-16 to a final rate of 50% of the full diesel excise rate in 2030-31.

This alters the Budget announcement of May 2014 which would have seen excise phased in over 6 years. Under that time frame the continued viability of the industry was doubtful.

The increased time frame for the phase in of excise of 16 years provides a sustainable and positive platform for the industry and ARfuels to develop and grow over the longer term. The new legislation will also impose excise on imported biodiesel at the full rate, currently \$0.389 per litre as from 1 July 2015. This should effectively curtail the dumping of double subsidised imported biodiesel which has been occurring over the past few years.

A copy of the Government's Announcement is attached.

A further update on the company's activities will be made with the release of the year-end results. At this stage, we expect to record a small profit for the full year to 30 June 2015 as well as generating positive cash flow. This anticipated result will have been achieved in difficult trading circumstances with double subsidised imported biodiesel impacting sales, the extraordinary oil price drop in January and February hurting margins for those months and the excise situation remaining unresolved for an extended period.

Last night's decision provides much needed regulatory certainty. The company now has a sustainable platform to fully exploit its potential and will be focussed on restoring and enhancing shareholder value.

The trading halt in the company's shares can now be lifted.

Any queries in relation to the above should be directed to Andrew White, Chief Executive Officer on 02 6042 8400 or info@arfuels.com.au.



HON J. B. HOCKEY
Treasurer

HON IAN MACFARLANE
Minister for Industry and Science

Media Release

Wednesday 17 June 2015

GOVERNMENT REACHES AGREEMENT WITH LABOR ON TAXATION OF BIODIESEL AND FUEL ETHANOL

The Government has today come to an agreement with Labor to implement the 2014-15 Budget measures to gradually increase the excise payable on domestically produced biodiesel and fuel ethanol.

The Government will table amendments next week in the Senate to phase in the excise payable for biodiesel producers in equal increments over 16 years, from a rate of zero in 2015-16 to a final rate of approximately 50 per cent of the full petrol and diesel excise rate in 2030-31.

[ENDS]

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