



Australian Renewable Fuels  
ABN 66 096 782 188  
158 Plemings Road  
Barnawartha Victoria 3688  
T 61 2 6042 8400  
F 61 2 6042 8499  
arfuels.com.au

21 January 2016

ASX Market Announcements Office  
Australian Securities Exchange

**Voluntary Administration**

Please see attached announcement by the Board of Australian Renewable Fuels Limited.

Yours faithfully  
Australian Renewable Fuels Limited

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

Mark Licciardo  
Company Secretary



## **Voluntary Administration**

It is with great regret that the Board of Australian Renewable Fuels Limited (ASX: ARW; "ARfuels" or the Company") has placed the Company into Voluntary Administration.

The Board has been conscious of the rapidly declining oil price and been monitoring closely the Company's feedstock pricing so as to ensure that appropriate trading margins were maintained. Historically there has been a relatively short time lag between a reduction in the oil price and a reduction in feedstock pricing. At this time, feedstock pricing has increased and the historical long term correlation between the barrel price of oil and the cost price of feedstock has broken down. This has been exacerbated by the extent of the dramatic fall in the oil price and hence our selling price for biodiesel. That contrary movement and break in the historical correlation has impacted negatively on gross margins.

In addition, the Board also notes that the continued and destabilising uncertainty of the Federal Government's policy in regard to biodiesel over recent years has caused significant financial distress to the Company and had increased the Company's financial reliance upon its debt providers.

The Board and management have rigorously examined options to protect the business and provide a basis for a restart of operations if or when satisfactory gross margins return. These included seeking price increases from our customers, pursuing more profitable export sales opportunities to the USA along with idling the production facilities and reducing all corporate activities. Those initiatives would have required the support of the major lenders to allow the Company to retain funds and pay all outstanding trade creditors and employee entitlements.

To that end, a number of proposals were submitted to the Company's debt providers.

Unfortunately the debt providers have considered their position and have rejected these proposals leaving the Board with no alternative but to appoint a voluntary administrator.

The Directors, conscious of their legal obligations, concluded that without the lenders' support, there was no option other than to appoint Voluntary Administrators. Voluntary Administration is a form of insolvency arrangement which creates an opportunity for flexible and innovative approaches to bring about a better outcome for stakeholders than may otherwise occur in liquidation. Mr David McEvoy and Mr Nick Martin of PPB Advisory have been appointed to act as Voluntary Administrators. The Board and senior management intend to work with PPB Advisory to explore all options to maximise the value for all of the Company's stakeholders.

The Board would like to thank the Company's many dedicated staff, suppliers, business and trading partners, past and present, for their ongoing support over many years. It is with deep regret and much disappointment that factors outside the control of the Directors have led to this disappointing outcome.