



AUSTRALIAN RENEWABLE
FUELS LIMITED
ABN 66 096 782 188

17 June 2010

Merger of Wasabi and Australian Renewable Fuels Limited Not Proceeding

The Directors of Australian Renewable Fuels Limited (ARF) and Wasabi Energy Limited (WAS) today advised the ASX that the directors of both companies have decided not to proceed with the proposed merger of the two companies. The decision has been made taking into account the current market conditions and the need to progress funding alternatives for both groups.

ARF is continuing the ramp up of its two Biodiesel plants and is making significant progress in its sales and marketing endeavours. As its sales strengthen, its ability to source quality, cost effective feed stock is improving and its diversification of customers allows for a de-risking of its sales mix. This is further supported by the Federal as well as State Government activity with regard to supporting further development of the Renewable Energy sectors.

ARF's business has certain risks with regard to executing its growth plans and a number of these will continue to be managed as ARF operates as an independent company.

As ARF continues to develop, Wasabi has committed to remain a core shareholder and intends to exercise its rights to subscribe for ARF shares as and when opportunities arise and to support equity raisings ARF may make in the future.

"Although the merger with Wasabi would have allowed ARF to achieve certain benefits, it is also clear that the ARF strategy to develop the business remains sound and can be achieved as planned", said Tom Engelsman Chief Executive for ARF. "The Board and Management are confident that the improving overall biodiesel market conditions should benefit the Company and that proposed funding alternatives will further solidify the company's position in the Australian Biodiesel sector"

Tom Engelsman
CEO