

# Biodiesel Perspectives



*arfuels*

AUSTRALIAN RENEWABLE  
FUELS LIMITED

- ARF background
- Biodiesel
- Economics of production
- Markets
- Summary

# Overview



- Australian Renewable Fuels Limited (“ARW”) listed on ASX on 10 May 2005
  - Combined raisings of \$44m
  - Federal Gov’t grant of \$7.15m
  - Market cap at IPO of \$108m
- Strong Operational team
- Two biodiesel plants under construction in WA and SA
- Current Market Capitalisation \$130m

# Capital Structure



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	Number of Shares (Million)	%
Amadeus Energy Limited (Parent Company)	34.3	31.7
Local Super (South Australia)	17.1	15.9
Darryl Butcher (CEO)	12.6	11.7
Public (Mainly Institutional)	48.0	40.7
<b>Total Shares</b>	<b>108</b>	<b>100</b>

# Summary Financial Information



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	<sup>1</sup> Forecast Year Ending 30 June 2005	<sup>2</sup> Forecast Year Ending 30 June 2006	<sup>4</sup> Forecast 3 Months Ending 30 June 2006
	A'000	A'000	A'000
<b>Revenue</b>			
Sales	-	37,431	23,515
Grants	-	250	-
<b>Total Revenue</b>	-	<b>37,681</b>	<b>23,515</b>
Operating Expenses	(1,806)	(27,932)	16,728
<b>EBITDA</b>	<b>(1,806)</b>	<b>9,749</b>	<b>6,787</b>
Depreciation	(8)	(765)	(388)
Amortisation	-	(621)	(238)
<b>EBIT</b>	<b>(1,814)</b>	<b>8,363</b>	<b>6,161</b>
Interest Income	558	559	111
Borrowing Expenses	(215)	(52)	-
Income Tax <sup>3</sup>	-	(1,806)	(1,953)
<b>NPAT</b>	<b>(1,471)</b>	<b>7,064</b>	<b>4,319</b>

1. Forecast year ending 30 June 2005 includes plant construction only.
2. Forecast year ending 30 June 2006 includes 4 months production at the Picton plant and 8 months production at the Adelaide plant.
3. Income tax expense for the Forecast year ending 30 June 2006 includes the recognition of certain prior year tax losses. The income tax expense for the 3 months ending 30 June 2006 excludes the recognition of these losses.
4. The Forecast for the 3 months ending 30 June 2006 includes both plants operating at near full utilisation. This 3 month forecast is not necessarily representative of a complete 12 months' trading given that factors such as the timing of sales can materially impact NPAT over any 3 month period.

# Project Status



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- Adelaide
  - Site Construction commenced
  - Production Q4'05
- Picton
  - Site construction August '05
  - Production Q1'06

# What is Biodiesel ?

- Biodiesel - clean burning alternative to mineral diesel fuel
- Produced from renewable resources such as animal fats and vegetable oils including (but not limited to) canola, soybean oil, palm oil, tallow and used cooking oils.
- A number of vehicle and diesel engine manufacturers have confirmed that biodiesel is suitable for use in certain of their engines.
- Can be used in conjunction with mineral diesel, as well as being used as a lubricity agent in mineral biodiesel.
- Benefits of biodiesel compared to mineral diesel include:
  - emissions
  - safety
  - environmental outcomes  
(Biodiesel - biogradable and non-toxic)

# The Biodiesel Industry



- Biodiesel in commercial production in Europe since 1991 and in USA since 1997
- Production in Europe has almost doubled every two years since 1991
- Global consumption is now estimated at approx. 3 billion litres per annum
- Biodiesel rapidly becoming a desirable alternative to mineral diesel
- Australian market still in its infancy (the immediate opportunity)
- SA and WA consume approx 1.2 billion litres and 1.8 billion litres, respectively, of mineral diesel

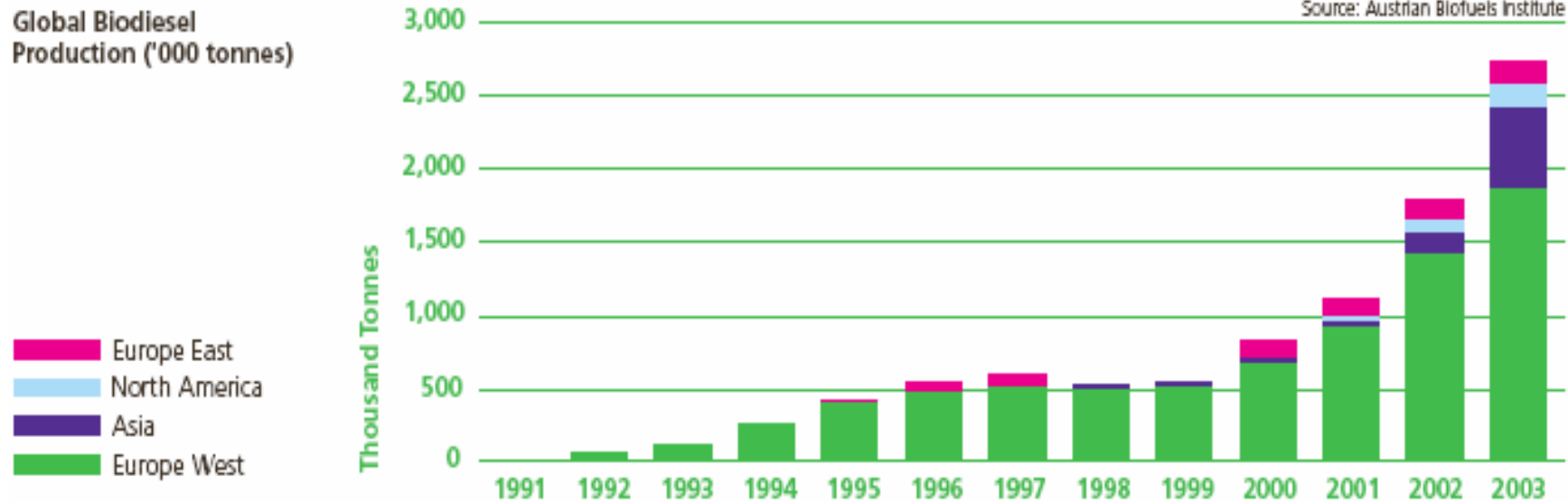
# Global Production



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Global Biodiesel  
Production ('000 tonnes)

Source: Austrian Biofuels Institute



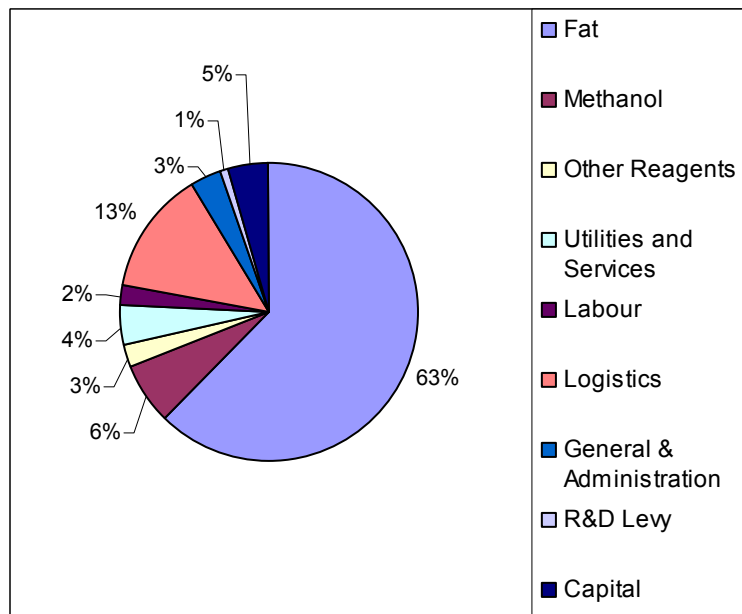
- Despite the rapid growth in the Biodiesel market in Europe, the Australian market is still in its infancy.
- While ARF has underpinned its operations with a 5-year sales contract into Europe, the development of the Australian market is an important part of the Company's strategy. ARF has focussed its marketing attention toward niche markets where a product such as Biodiesel is able to deliver more than just fuel to the end-user.

# Economics of Production

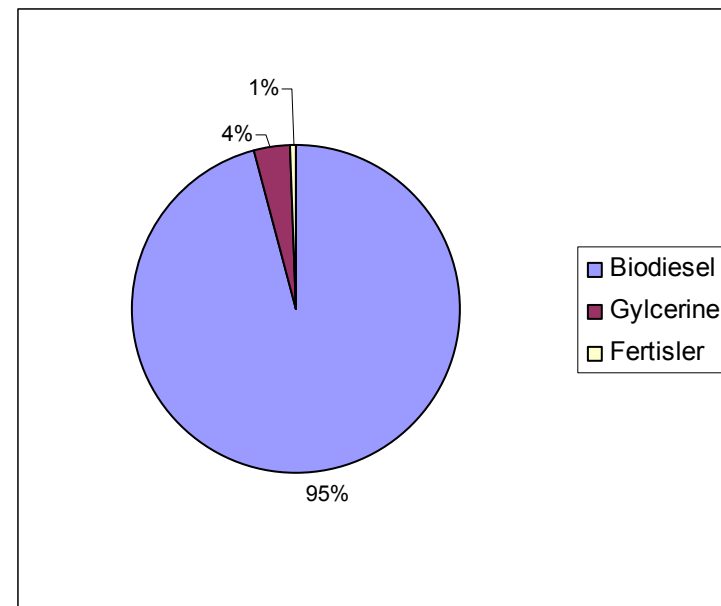


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## Inputs



## Outputs



# Taxation



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- Producers
  - pay excise, but receive a grant equivalent to excise until 2010
  - From 2011 to 2016, the grant reduces to 50%
- Consumers
  - Receive all fuel credits and grants available to diesel.

# Feedstock Supply

- Projections based on tallow as pricing history is available
- Expect to opportunistically buy cheaper using fats other than tallow
- Five year feedstock contract with Gardner Smith for both plants – regionally exclusive

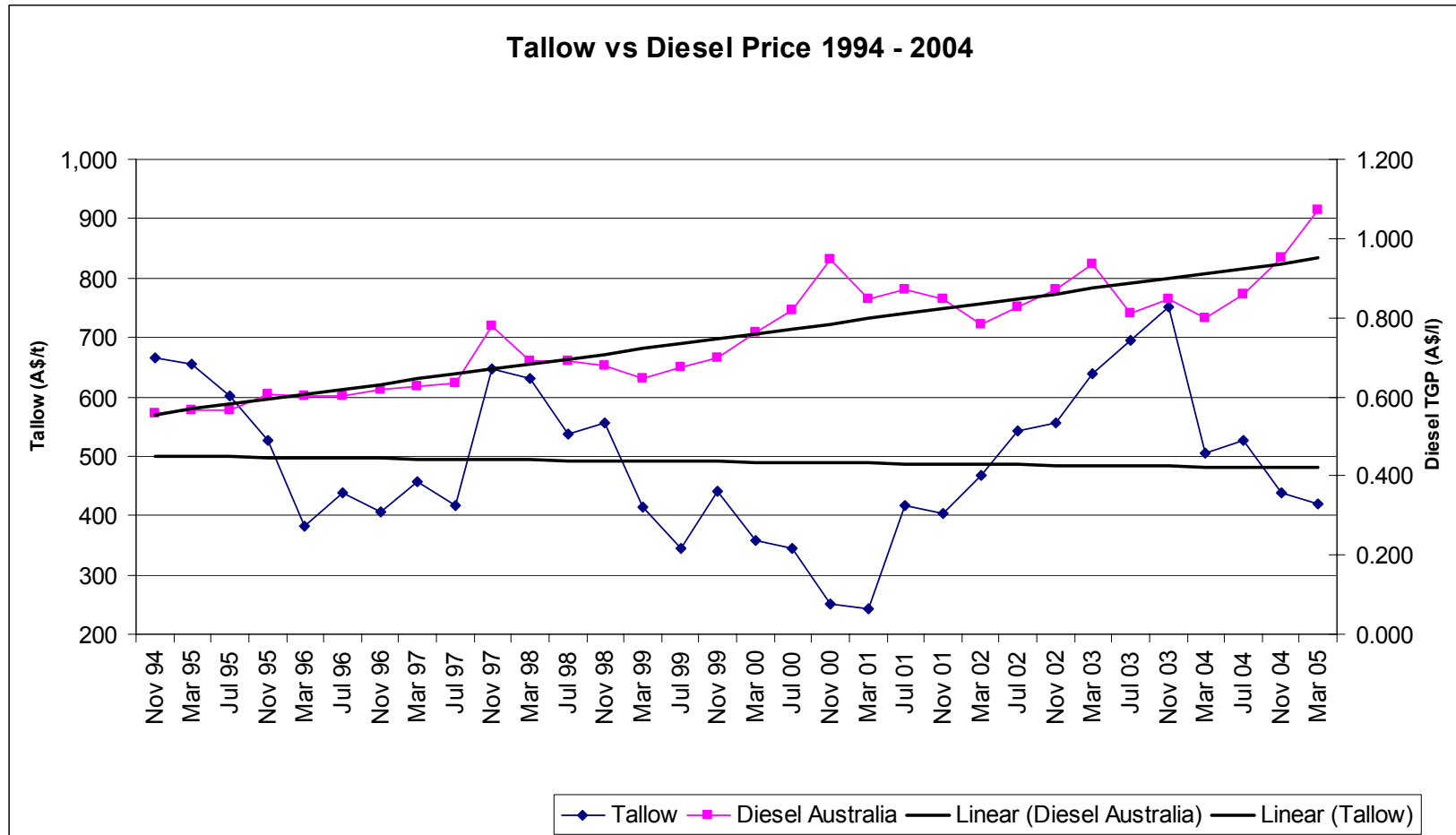
# Sales of Biodiesel

- Five year contract with Godiver for up to 120,000 tpa of production into Europe underpins business – regionally exclusive
- Off-take price is FOB (Adelaide, Picton) linked to spot price of ULSD (50ppm) CIF Med less defined Godiver costs
- Australian sales a short term priority; many opportunities
- Domestic price in model based on local C&F Gasoil 0.05% (a refined diesel product from Singapore)

# Markets



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# Other developments

- Customer development on-track
- Operating costs below budget
- Construction program on time and budget
- Oilseed development

# The Business In Brief

- Strong and experienced management team
- Commercially proven Energea technology
- Feedstock contracted for 5 years
- 100% of production committed (5 yr put option)
- First mover advantage
- p/e <7 based on forecasts
- Short-Term Outlook
  - Operations to commence in Adelaide Q4 2005 and Picton Q1 2006 –  
FUNDING SECURED – no reduction to prospectus forecasts
- Medium Term Outlook
  - To develop 5 plants around Australia within the next three years
  - To become the pre-eminent Australian biodiesel producer

# Contact Details



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