



ASX ANNOUNCEMENT
(ASX: ABJ)

30 November 2007

Company Update

Australian Biodiesel Group Limited (ABG) today provided the following company update to shareholders:

Performance guidance 2007

With the suspension of continuous biodiesel production at the start of November, ABG expects to sell less than 7 million litres in total for the 2007 year. Revenue for the year is expected to be in the order of \$10 million, including \$3 million from the Scanline business (but excluding the recent Moree asset sale).

The net loss for the 2007 year is expected to be around \$17 million, before any further impairment write-down of assets currently held by the company. Impairment write-downs are expected to be significant.

The sale of biodiesel stock produced prior to the suspension of continuous production is proceeding at Narangba and will contribute to determining the final position of the company at 31 December 2007.

2008 outlook

The company outlook for 2008 remains unclear, due to current Government policy settings. ABG and other producers in the industry have called for a requirement of an average of 2% biodiesel in all diesel sold in Australia, to provide a stable baseload for the industry to compete for.

Narangba plant status

Following the announcement of the company's decision to place Narangba on stand-by status, ABG terminated 15 personnel, including eight at the Narangba facility. However, the company has retained sufficient skilled staff to operate the facility to meet the anticipated levels of demand, if commercially viable manufacture becomes possible. ABG is in discussion with a number of parties regarding batch manufacturing.

Legal action

ABG has been served with proceedings against it in the Federal Court of Australia. The matter relates to the sale, two years ago, of some equipment for \$165,000, owned by a company associated with a former director of ABG. Damages sought by the applicant total approximately \$5.6 million. ABG believes it has no case to answer and will vigorously resist the claim.

Appointment of Chief Executive Officer

Mr Bevan Dooley, Executive Technical Director and company founder, will be appointed as Chief Executive Officer of ABG from 1 December 2007. Mr Dooley is a mechanical engineer with over a decade of experience in the oil processing industry. Prior to founding ABG, Mr Dooley was with Cargill, the world's largest commodity trader, where he was involved in the design, construction and/or operation of refineries, bulk terminals and pipelines.

The terms of Mr Dooley's appointment are unchanged from that in his role as Technical Director:

- Contract term: Initially appointed until 7 May 2008. No termination provision from that date.
- Remuneration: \$200,000 per annum, including superannuation. ABG also provides a vehicle.
- Bonus: Up to \$25,000 based on agreed performance indicators.
- Option entitlement: Nil.

Former Chief Executive Officer, Mr Martin Earp, has ended his secondment to ABG and will return to Transfield Holdings Pty Ltd. The Board greatly appreciates the efforts of Mr Earp in restructuring ABG and leading the company through a very difficult period for the Australian biodiesel industry.

Further information: Brian Stewart, 02 9037 7252 or 0406 769 818