

29 July 2011

BY FACSIMILE: 0800 449 707

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Dear Sir/Madam

Agreement to issue shares in connection with expired unlisted options.

Australian Renewable Fuels Limited ("**ARW**") announces that it has entered into an agreement with InvestorFirst Securities Limited ("**InvestorFirst**") under which InvestorFirst will subscribe for 13,000,000 fully paid ordinary shares in ARW, at 2 cents per share. Once issued the shares will rank pari passu in all respects with ARW's then fully paid ordinary issued shares.

The agreement will enable ARW to receive the full amount of funds that it would have received had all of the options which expired on 13 July 2011 been exercised. The funds received under the agreement will be equal to the shortfall in the funding that ARW would have received had all of the options which expired on 13 July 2011 been exercised.

ARW will not seek shareholder approval to the issue of the shares.

The issue will not be to a class of security holders.

An Appendix 3B will be lodged when the shares are issued.

Yours faithfully,

Stephan Scheffer
Company Secretary
Australian Renewable Fuels Limited