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AMERICAN RENEWABLE FUELS INC.

Biodiesel Marketplace

March 2008

About ARFuels

- Subsidiary of Australian Renewable Fuels Ltd.
  - 2 plants (24 MMGY total production)
- Own Energea Technology Patent Rights for the NAFTA Region -12 years remaining
  - Animal fats based feedstock process technology
  - 5 plants in production worldwide
- 75 MMGY project under development in Clovis NM
- Additional project sites under development

Current U.S. Biodiesel Marketplace

- Majority of current plants operate on soy oil only
  - Soy oil is currently $.60 per pound and soy biodiesel (SME) is not profitable to produce at this price
- Exports to Europe – only viable avenue for many producers
- U.S. Demand
  - Significant demand for biodiesel and biodiesel blends
  - Not enough product available
- 2007 production of 450 MG or 25% of capacity

Renewable Fuels Standard

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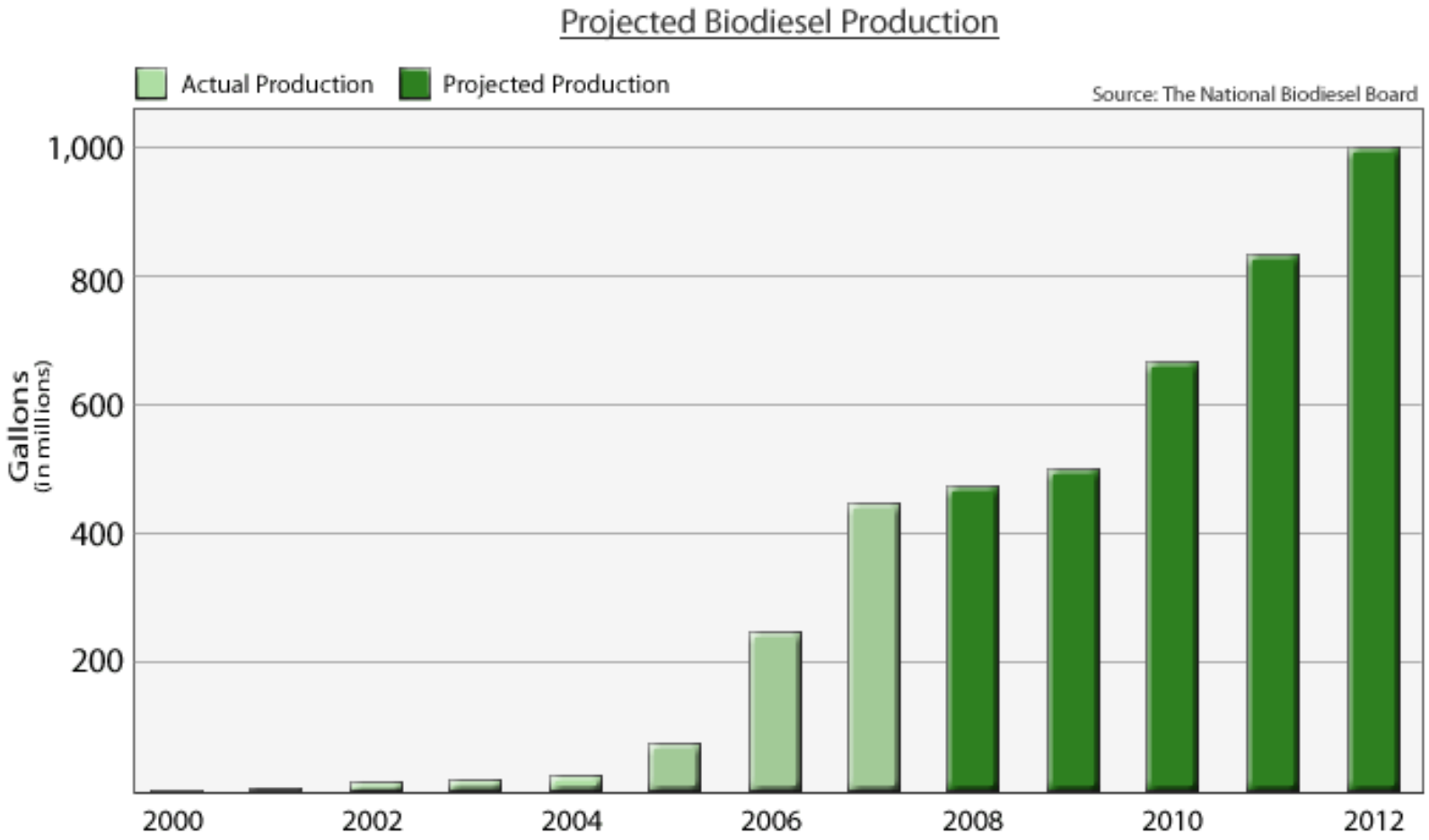

RFS Specifies 1 Billion Gallons of Biodiesel by 2012

State Mandates

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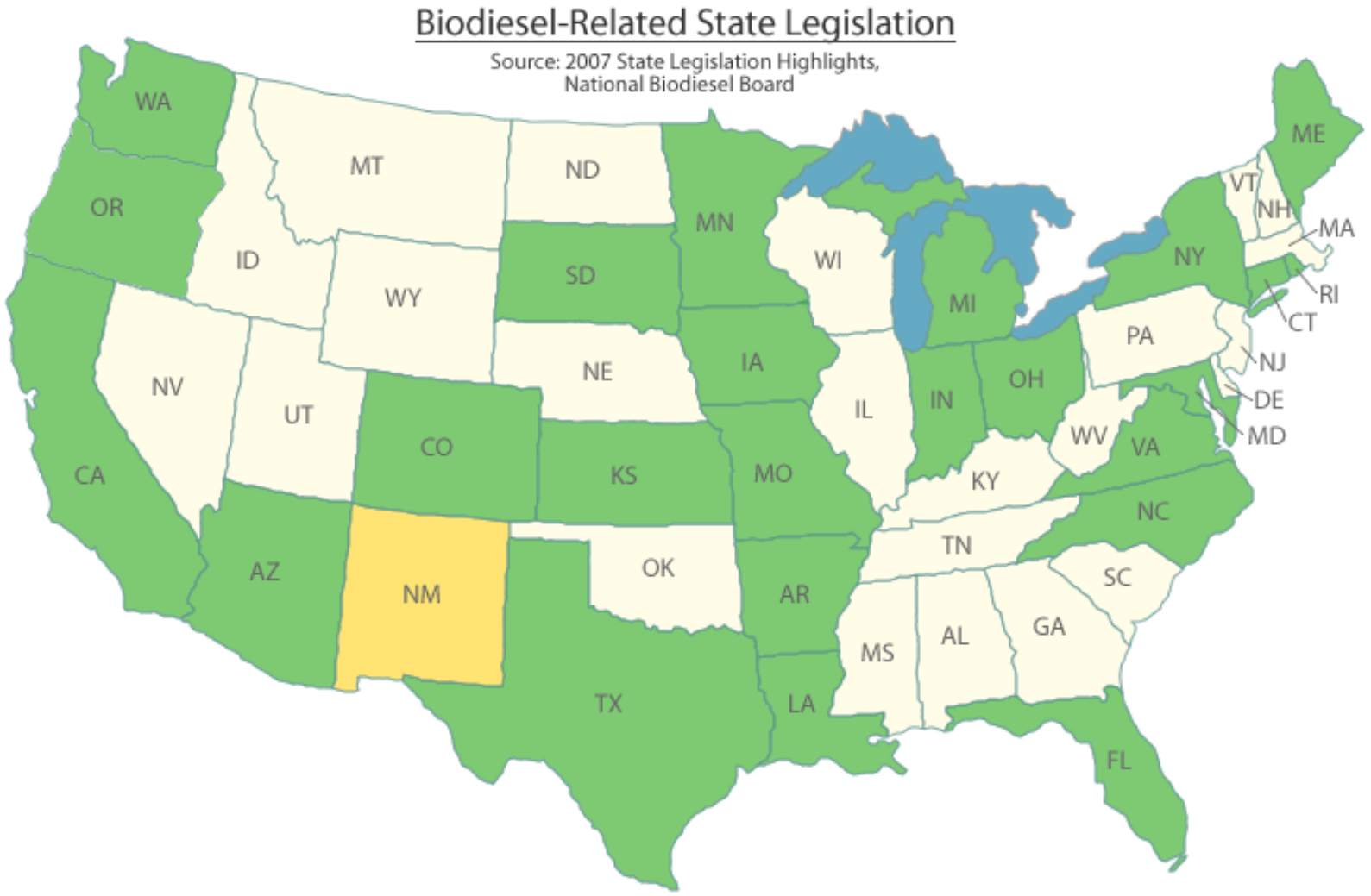

U.S. Industry Development and Marketplace

European Marketplace as a Guide

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- The EU adopted a biofuels directive on a "national" level mandating there be a 5.75% blend of biofuels across the EU
- Current initiative is to expand the blend to 10% by 2010 and 20% by 2020
- Policies are focused on non-food crops for biofuel production

Industry Growth

- Make the Federal Tax Credit ($1.00) and Small Producer Credit ($.10), both set to expire in 2008, permanent
- Elimination of “splash and dash”, renewable diesel and non-methyl ester diesel loopholes
- Legislation to ensure continued growth
- Federal and state incentives for investment in biodiesel projects
- Expansion of USDA Guarantee Loan Program currently limited to $35M and Tax Incremental Financing (TIF) instead of IRB’s

Feedstock Stabilization

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- Reinstatement of the Commodity Credit Corporation (CCC) payments for producers to offset rising feedstock costs
- Increase the tax credit for non-virgin feedstock to $1.00 instead of $.50
- Federal and state incentives for developing non-food based feedstocks grown domestically
- Duty and tax breaks for use and importing of non-food based feedstocks
- Reduction in soy oil exports to protect US based business if export price parity exists

New Mexico Industry Development and Marketplace

Minnesota as a Guide

- MN implemented a B2 statewide mandate in September of 2005
- Initial problems resulted from quality issues
- Distribution and blending operations
  - Distributors require heated tanks prior to blending
  - As a specified B2 blend, the blenders needed certification on the blend percentages
- Customer complaints of primarily clogged fuel filters could have been avoided by education

Producer Level

- BQ-9000 certification recommended and consistent production of ASTM quality fuel mandatory
- State sponsored biodiesel producer's credit
- Waiver of state taxes to promote biodiesel development in New Mexico
- Education and assistance in seamlessly integrating biodiesel into the current oil refineries and distributors in New Mexico
- Streamline long term state purchase contracts with local producers for state vehicle requirements

Distributors and Blenders Level

- State incentives to cover the costs for biodiesel storage and blending
- An ASTM standard for blends within the range of B6 to B20
- Elimination of restrictions for the pipeline distribution of biodiesel blends

Retailer & Customer Level

- Original engine manufacturers approval of a B5 blend for use in their engines
- A product that can compete with mineral diesel
  - Preferably tangible savings at the pump
  - Incentives to promote the use of biodiesel blends over non-blended diesel
- State customer awareness programs
  - To better convey the advantages of biodiesel
  - To educate the customer of the potential problems, primarily filter clogging due to cleaning properties of biodiesel
  - Ethanol is to gasoline as biodiesel is to diesel