



# Mission NewEnergy Limited

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## Update & Outlook on Operations

### Key highlights:

- 100,000 tpa refinery capacity substantially sold out for 2009 calendar year (CY2009)
- 250,000 tpa refinery to be commissioned by March 2009
- Debt funding to complete second biodiesel plant in place
- Jatropha business in India expected to be cashflow positive in Q1 CY2009 and anticipated to grow by 57%, to over 550,000 acres in CY2009
- Ligno-cellulosic ethanol technology to commence commercialisation in CY2009
- Certified Emissions Reductions (CER), carbon credits for ongoing wind operations commencing March 2009

### Business Outlook for 2009

As one of the very few biofuels companies that has successfully progressed beyond the project development stage into ongoing profitable operations, Mission was delighted to post its maiden profit in financial year 2008 and expects to operate profitably in 2009.

At the heart of its operations are commercial scale Jatropha plantations. These plantations are poised to provide all the necessary feedstock for operation of Mission's biodiesel refineries and future ethanol refineries.

The coming year for Mission will see the company add significant value for shareholders via the further commercialisation of its Ligno-cellulosic ethanol technology, the continued rapid expansion of its Jatropha operations, the expansion of its biodiesel refining capability and the expansion of its wind operations.

The global macro environment of government stimulus targeting the alternative energy sector, heightened social and political concern over climate change and Mission's established position provide a favourable outlook for 2009 and beyond.

***Mission's refining operations, highlights for 2009***

- Continued shipment of Biodiesel sales from Mission's first 100,000 tpa refinery via fixed margin cost plus contracts
- Commissioning and operations of Mission's second 250,000 tpa biodiesel plant by March 2009

Mission has sold substantially all of its capacity at its first biodiesel refinery for CY2009 to a major global oil and biofuels player and sales for CY2009 have commenced. Volatility in the commodities market will have muted impact due to Mission's fixed margin sales agreements.

Mission's second biodiesel facility is scheduled to be commissioned by the end of March 2009. This represents a delay from originally anticipated commission date of November 2008. According to Mission's EPCC contractor KNM the plant was 97.2% complete at the end of December 2008. Outstanding work relates to further fabrication and construction. Given no technology problems, Mission has no reason to believe that the revised deadline is not achievable.

The company looks forward to taking advantage of the significant operating cost reduction associated with the second generation technology and economies of scale of the second plant, which translate to a further profit margin improvement.

The company is in advanced discussions with potential customers and anticipates its second facility to operate at near full capacity in 2009. Demand for finished product is expected to come from Europe, Malaysia, India, the USA and Australia. Demand from the Malaysian Mandate is scheduled to ramp up in September 2009. Meanwhile, Mission has commenced sales into India in January 2009.



**Ship being loaded with Mission produced Biodiesel at Kuantan Port Malaysia**

### ***Mission Jatropha plantation operations, highlights for 2009***

- Cashflow positive operations from Q1 CY2009
- Expand existing 354,000 acres Jatropha plantation as of December 2008 by 57% to over 550,000 acres in CY2009
- Receive first commercial quantities of crude Jatropha oil
- Generation of 200,000 to 250,000 carbon credits

Mission's contract farming Jatropha business will generate free cashflows in 2009, principally generated from the profitable sale of saplings to Mission's contract farmers.

Growth in 2009 will take Mission's acreage to over 550,000 acres. Mission anticipates expanding its planted acreage to over one million acres by end CY2011, firmly solidifying Mission as India's, if not the world largest, organised Jatropha company.

Mission's early adoption of Jatropha and subsequent decision to enter the business in 2006 means that Mission anticipates its first commercial quantity of crude Jatropha oil in CY2009.

Mission enjoys a ready and large market for Jatropha oil sales in India. The "Must Buy" government policy for Jatropha based Biodiesel imposed on large oil companies and exemption of excise duty, provide Mission with significant operating margins.

A favourable recent Indian government amendment makes Jatropha acreage eligible for (CERs). Mission had already commenced significant amount work towards registration with UNFCCC for Carbon Emission Reduction Credits (CERs) and based on its existing 354,000 Jatropha acres is poised to generate between 200,000 to 250,000 CERs annually. The current market price for CERs is €12 (A\$24).

### ***Mission Ethanol operations, highlights for 2009***

- Complete global patent process
- Complete detailed engineering of commercial scale ligno cellulosic ethanol plant
- Potential licensing deal

After successfully completing lab scale testing in 2008 followed by a smooth transition to an approximate 20,000 gallon per year (200 litres / day) pilot scale plant, Mission is now focused on designing the commercial scale plant based on the success of the pilot plant.

The technology allows Mission to produce at a yield of 133 gallons (500 Litres) per ton of ligno-cellulosic agricultural waste feedstock. This yield is approximately 36% more efficient than competing cellulosic ethanol technologies. Additionally, the technology allows Mission to produce ethanol

at approximately one third of the cost of competing cellulosic ethanol technologies.

Upon completion of commercial scale engineering work, Mission anticipates building a 40,000 tonne (12 mn gallon) per annum plant in 2010, with an estimated capital cost of US\$40 million. It is anticipated that the capital cost will be met via a combination of internal accruals and government funding.

Mission is also evaluating several approaches to license its technology and may consider partnerships to globally rollout the commercial scale plants.

### **Mission Wind operations, highlights for 2009**

- Continued operation of existing 3.3MW installed capacity
- Receive First Certified Emission Reduction (CERs)
- Organically grow installed capacity base utilising favourable tax and accounting regulations in India
- Potential M&A activity

In 2008 Mission successfully commissioned two 1.65 MW capacity wind turbines. Mission has a long-term power sales agreement with a state utility with pre-defined electricity tariffs. Mission will continue to organically grow this capacity taking advantage of favourable tax and depreciation schedules available in India.

Mission will complete the CER registration process in March 2009 for its Wind Mills. These existing wind operations generate on average 5,000 CERs per year. All CERs Mission generates from its Wind Mills and Jatropha operations can be sold either on spot markets or monetise future CERs upfront through a forward sale or financing arrangement.

### **Corporate Activity**

- Debt funding for working capital and completion of second biodiesel facility has been approved and is awaiting final Malaysian Foreign Investment Committee (FIC) approval
- Undertake full review of corporate finance alternatives

Mission will need ~\$20 mn to complete and commission its second 250,000 tpa facility, which will be met be either further equity capital or long-term debt. While, subject to only to Malaysian Foreign Investment Committee (FIC), Mission has already raised the necessary capital via favourable long-term debt, Mission is also in discussions with equity providers.

Announcement ends

## **About Mission NewEnergy Limited:**

Mission NewEnergy Limited is a company:

- listed on the ASX with its operations in Malaysia and India;
- that owns and operates a 100,000 tpa (approx. 30 million gallons p.a.) biodiesel plant at Kuantan in Malaysia producing biodiesel that exceeds international specifications (EN14214 & ASTM 6751-D);
- that is the only non-German biodiesel producer to be certified by AGQM, the German Biodiesel production process certification body;
- that is building a 250,000 tpa (approx. 75 million gallons p.a.) biodiesel plant using Axens' 2<sup>nd</sup> generation, heterogenous catalyst, trans-esterification technology and adjacent to the 100,000 tpa plant;
- that will initially use Crude Palm Oil (CPO) as the feedstock for its biodiesel plants in Malaysia;
- that is rapidly developing its upstream feedstock business in India, which is focusing on a drought-resistant perennial plant (Jatropha Curcas) that grows in marginal/poor soil. Jatropha is easy to establish, grows quickly, produces seeds for over 40 years and importantly is inedible;
- that will ultimately replace CPO with Jatropha Oil as its feedstock for its biodiesel plants;
- that owns and operates two wind energy turbines of 1.65 MW each in India which sell electricity to a Western Indian utility under a 13 year power purchase agreement; and
- that owns two patent-pending, lab and pilot-tested technologies for production of ethanol from a wide variety of agricultural waste material at a cost substantial lower than reported by competing enzyme based cellulosic ethanol technologies.

For more information and a copy of this announcement, please visit: [www.missionnewenergy.com](http://www.missionnewenergy.com). or contact:

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