13 February 2008

The Manager
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2001

Dear Sir(s),

Request for Suspension in Trading of Company’s Securities


The request is based on concerns that the Company may not practicably be able to keep the market fully informed during a series of interrelated negotiations to finance the Group’s business, particularly the United States operation and the Beatrice Biodiesel Project in Nebraska.

In January 2008, the Company announced the signing of a Memorandum of Understanding (“MOU”) for the full sale of the United States business including the Beatrice Biodiesel Project to Beatrice Biodiesel Acquisition Company LLC (“BBAC”). The MOU incorporated a number of milestone events to be met by the purchaser. As part of the transaction, BBAC paid a deposit of US$1 million which was received in early January 2008. However, BBAC failed to meet the next milestone of confirming and putting in place a bridge loan facility of US$5 million to fund immediate corporate requirements. On 11 February 2008, AAE advised BBAC that the Company reserved it rights under the MOU. AAE continues to discuss sale of the US assets to BBAC but has also recommenced discussions with a number of other parties to provide the additional required finance for the United States business.

In addition, the Company is considering its options in relation to the start up and operation of the biodiesel facility at Beatrice. These options include toll treatment of soy oil for a fixed fee. This approach would eliminate the requirement for extensive working capital funds which the company is not currently in a position to finance. The Company expects that the toll treatment arrangement has the potential to return positive cash to the project in the current market after all costs.

As previously reported, over the last six months the company has aggressively pursued numerous avenues for financing the additional project costs and corporate overheads. These efforts have ranged from equity raisings at the AAE level to sale of all or a portion of the US assets, particularly the Beatrice project. The group’s efforts to complete the transactions have been frustrated by the poor sentiment for the biodiesel industry both in Australian and overseas as well as the limited margins within the industry. These difficulties in the biofuels sector have been widely reported.
The Company continues to vigorously pursue a number of options for the United States business to protect shareholder value and maintain exposure to the upside potential. The options involve discussion and negotiation with a number of different industry groups to fund the outstanding costs of construction and start-up of operation. The Company expects to make an announcement in the near term as to progress with the discussions but, in the mean time, the Board believe that it better to undertake these negotiations at a time when the Company’s securities are not trading.

Yours faithfully

[Signature]

Peter Anderton  
Chairman and Chief Executive Officer

ASX Trading Code  AAE  
ADR Ticker Symbol  AGRNY

For further information, please contact:

Peter Anderton  
Agri Energy Limited  
Tel: +61 3 8825 5900  
Mob +61 (0) 418 922 119  
Email: panderton@aael.net

Jacinda Kettmann  
Agri Energy Limited  
Tel: +61 3 8825 5900  
Mob +61 (0) 417 924 773  
Email: jkettmann@aael.net

For more information visit the AAE website at www.aael.net