



Mission NewEnergy Limited

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16 December 2009
ASX ANNOUNCEMENT

Valero & Mission NewEnergy, US\$3.5 billion Offtake Agreement & Equity Arrangement.

Information Presentation.

As announced on the 11th December 2009, a subsidiary of Valero Energy Corporation (NYSE: VLO) entered into a long-term biofuels offtake agreement and arrangement for Valero to acquire a 25% equity interest in Mission NewEnergy (ASX: MBT), the full press release can be found overleaf.

Mission is delighted to provide investors the opportunity to listen to an audio broadcast with James Garton, Head of Corporate Finance in a presentation titled "Mission announces \$3.5 Billion offtake agreement with Valero - James Garton".

To listen to the information session, copy the following details into your web browser: **brr.com.au/event/63278**

The presentation details are as follows:

- *Mission announces \$3.5 Billion offtake agreement with Valero - James Garton*
- *Presented by James Garton, Head of Corporate Finance*
- *Wed, 16 Dec 2009 05:00PM AEST*

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Announcement ends



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10 December 2009
ASX ANNOUNCEMENT

Valero & Mission NewEnergy Execute US\$3.5 billion Biofuels Offtake Agreement and Arrangement for Valero to Acquire 25% of Mission NewEnergy Limited

Mission NewEnergy Limited (ASX:MBT) ("Mission") a biodiesel refiner and one of the world's largest Jatropha plantation companies by acreage announced that it has entered into a binding five-year biodiesel Supply Agreement with Valero Marketing and Supply Company, a subsidiary of Valero Energy Corporation (NYSE: VLO) ("Valero"), a fortune 500 hundred company and the largest independent crude-oil refiner and marketer in North America. The agreement further provides a subsidiary of Valero the right to purchase up to 25% of Mission at A\$0.45 per common share, representing a 61% premium to the current 30 day Volume Weighted Average Price. Mission's share price closed at A\$0.33 on 8 December 2009.

Under the terms of the supply agreement, Mission will supply Valero with up to 200,000 tonnes (60 million gallons) of biodiesel per year. Valero has the right to double that amount to 400,000 tonnes per year and to extend the term by an additional five years. The agreement represents gross revenue potential to Mission of over US\$3.5 billion based on prevailing market prices, maximum volume and contract life.

Over the course of the contract, Mission will supply Valero with biodiesel produced from its captive Jatropha feedstock. Jatropha is an in-edible perennial oil seed plant that has been shown to grow on marginal soil without displacing agricultural land used for food supply, making it an ecologically responsible source of fuel oil. Subject to favourable economics, as Mission's available stock of Jatropha matures to scale Mission will supply Valero with palm oil based biodiesel.

"We are delighted to be supplying Valero and look forward to expanding our commercial relationship," said Nathan Mahalingam, Mission's Managing

Director. “The increasing demand for biodiesel driven by the Renewable Fuels Standard and coupled with this long-term supply agreement solidifies the United States a key market for Mission going forward.”

James Garton, Mission’s Head of Corporate Finance and M&A who spearheaded the negotiations with Valero said, “The cooperative spirit of this Supply Agreement has been crafted through a year of discussions and detailed testing of Mission produced palm and Jatropha based biodiesel in Valero’s US laboratories. Given the nature of the relationship and the potential to work together on a range of commercial matters, Mission welcomes Valero as a long-term customer and prospective investor.”

Under the terms of the equity deal, Mission will issue Valero two tranches of warrants to purchase common stock. The first tranche of 81.41mn warrants will expire on August 31st, 2010 and if fully exercised will provide Mission with A\$36.6 million. The second tranche will be issued to allow Valero to maintain their tranche-one equity stake of 25% based on the conversion of any of the other currently outstanding Mission convertible securities. Tranche two warrants are exercisable at a 20% discount to the 20-day volume weighted average price (VWAP) prior to the date of exercise and are capped at a maximum of 68.58mn expiring September 30th, 2012.

The above mentioned transactions with Valero are subject to Mission shareholder’s approval.

In order to meet its funding needs given the size and scope of the supply agreement with Valero, and to satisfy its other commercial objectives Mission is considering various financing options.

The first product shipment under the Supply Agreement is expected to occur during the second quarter of calendar year 2010.

For more information about Valero please visit www.valero.com.

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 currently building a 250,000 tpa (approx. 75 million gallons p.a.) biodiesel plant with KNM Process Systems SdnBhd as a turnkey contractor using Axens' 2nd generation, heterogenous catalyst, transesterification 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; and
- 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.
- 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 or contact:

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