



Mission NewEnergy Limited

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ASX ANNOUNCEMENT

AIM ANNOUNCEMENT

Statement from Mission NewEnergy Limited regarding a possible share offer for D1 Oils plc ("Possible Offer")

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.5 of the City Code on Takeovers & Mergers (the "City Code").

Mission NewEnergy Limited (ASX: MBT) ("Mission") today announces that it is in detailed discussions with the board of D1 Oils plc (AIM: DOO) ("D1 Oils") with respect to a possible all share offer by Mission for the entire issued and to be issued share capital of D1 Oils. The start of these discussions predates the announcement made on 6 May 2010 by D1 Oils that it was progressing offer talks with two parties. Mission is dedicated to working toward a recommended transaction and to entering a constructive dialogue with D1 Oils' shareholders and is announcing this proposal as a means to encourage and further the process.

This announcement is being made with the knowledge and consent of D1 Oils.

About Mission

Mission has been listed on the Australian Securities Exchange ("ASX") since 2006 and as at the date of this announcement has a market capitalisation of approximately US\$58m based on an existing issued share capital of approximately 275 million ordinary shares. Mission has a fully diluted share capital of approximately 479 million ordinary shares. Considering the significant number of its shares held by investors outside Australia, Mission is currently pursuing a dual listing of the company on a foreign leading international securities exchange.

Mission owns and operates a 100,000 t.p.a. (approx. 30 million gallons p.a.) biodiesel plant at Kuantan in Malaysia producing biodiesel that exceeds the EN14214 European specification and adjacent to this facility, Mission is currently commissioning a 250,000 t.p.a. (approx. 75 million gallons p.a.) biodiesel plant using a 2nd generation, heterogeneous catalyst trans-esterification technology. It is the only non-German biodiesel producer to be certified by AGQM, the German Biodiesel production process certification body.

The existing plant and the plant being commissioned will initially use Crude Palm Oil (CPO) as the feedstock ahead of the rapid development of its upstream feedstock business in India, which is focusing on a drought-resistant perennial plant (*Jatropha Curcas*) that grows in marginal soil.

Mission is one of the largest *Jatropha* companies in the world with over 123,000 farmers under contract to cultivate *Jatropha* in five states in India, the logistics for which are served by 393 full time employees managing 2,184 field agents. It is the current intention that the *Jatropha* oil will ultimately replace CPO as its feedstock for its biodiesel plants.

On 10 December 2009, Mission announced that it had entered into a binding five-year biodiesel supply agreement (“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. 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 Supply 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. Subject to favourable economics and legislation, as Mission’s available stock of Jatropha matures to scale, Mission will supply Valero with palm oil based biodiesel.

In addition to the Supply Agreement, Mission also entered into a subscription agreement (“Subscription Agreement”) with Valero. The Subscription Agreement provides a subsidiary of Valero the right to subscribe to up to 25% of Mission’s issued capital at the date of the Subscription Agreement, via the issuance of two tranches of warrants to purchase common stock, of which the first tranche expiring on 31 August 2010 if exercised will bring A\$36.6 million.

The obligations of Valero under the Supply Agreement are conditional upon Mission shareholder approval of the issue of the warrants under the Subscription Agreement, at an EGM to be held in early July 2010.

Strategic Rationale

Mission regards the two businesses as being leaders in the field of Jatropha and believes a combination would deliver considerable synergies and commercial advantages including cost reductions available from shared operations including field force, logistics, extraction and transportation.

Mission is of the view that in an early industry such as Jatropha, achieving scale, full integration and low cost position are essential characteristics required to securing a leading long-term market position. Mission believes that this combination would considerably increase vertical integration, scale and cost advantage.

D1 Oils has an advanced science and technology platform focused on Jatropha yield enhancement through breeding and cultivar development, and enhancement of Jatropha seed cake value through the development of Jatropha seed cake as a non-toxic high protein meal. This research couples well with Mission’s research and development program, focused on hybrid development and molecular marking of Jatropha. Mission believes that the combined knowledge base is likely to enhance Mission’s Jatropha yield expectations. Further, Mission believes that the successful development of Jatropha seed cake into a high-value, protein source for animal feed may increase the Jatropha by-product value.

D1 Oils has considerable Jatropha acreage in India, Africa and Indonesia. Coupled with Mission’s acreage, Mission believes that the combined group would be one of the world’s largest maturing Jatropha acreages, leading to one of the world’s largest supply of Jatropha oil.

There would be considerable benefits in knowledge shared from each company’s practical experience.

Mission’s considerable refining capability coupled with one of the world’s largest biodiesel off-take agreements provides a ready off-take agreement from the combined production of Jatropha based biodiesel.

If an offer for D1 Oils were to be completed, Mission would intend to fully integrate D1 Oils’ business and operations into Mission.

Status of the Offer

The Possible Offer, if made, would require the approval of D1 Oils shareholders and, potentially, the approval of Mission shareholders. The Possible Offer would be subject to a number of pre-conditions and conditions including the completion of ongoing confirmatory due diligence by Mission on D1 Oils and approval of the offer, if it were made, by the Board of D1 Oils. Mission would reserve the right to waive each of any such pre-conditions and conditions.

This announcement does not amount to a firm intention to make an offer under the City Code and, accordingly, there can be no certainty that any formal offer will be made, even if any pre-conditions are satisfied or waived, nor as to the terms upon which any such offer would be made.

A further announcement will be made in due course.

For further information, please contact:

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In accordance with Rule 19.11 of the City Code, a copy of this announcement will be published on Mission's website at www.missionnewenergy.com.

Disclosure Requirements under the City Code

Under Rule 8.3(a) of the City Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Disclosure in accordance with Rule 2.10:

In accordance with Rule 2.10 of the City Code, Mission confirms that it has 275,007,568 ordinary shares in issue. The ISIN reference for these securities is AU000000MBT6.

KBC Peel Hunt Ltd. ("KBC"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Mission and no one else in connection with the Possible Offer and will not be responsible to anyone other than Mission for providing the protections afforded to clients of KBC or for providing advice in relation to the Possible Offer, or any matter referred to herein.