Rodman & Renshaw

Mission NewEnergy Limited (MNEL)

INITIATING COVERAGE

CLEAN TECHNOLOGY

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Market Perform / Speculative Risk

MNEL: An Emerging Jatropha Biodiesel Story

MARKET DATA	5/30/2011
Price	$7.03
Exchange	NASDAQ
Target Price	NA
52 Wk Hi - Low	$8.15 - $6.89
EV(MM)	NA
Market Cap(MM)	$59.8
Shares Out (MM)	8.5
Avg. Daily Vol	22,444

BALANCE SHEET METRICS	
Cash (MM)	AUD17.2
Total Debt/Total Equity	NA
Debt/Capital	NA
Price/Book Value	NA
Book Value/Share	NA

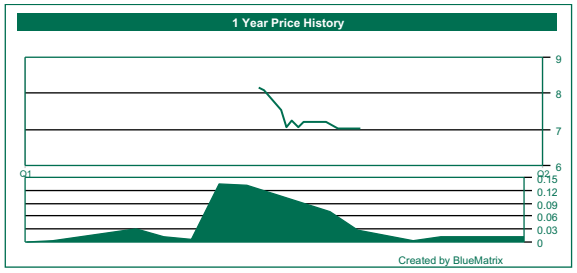
EARNINGS DATA ($)

FY - Jun	2010A	2011E	2012E
Q1 (Sep)	--	--	(0.14)
Q2 (Dec)	--	--	0.00
Q3 (Mar)	--	(0.73)	0.00
Q4 (Jun)	--	(0.25)	(0.12)
Full Year EPS	(20.76)	(3.49)	(0.26)
Revenue (MM)	16.5	8.3	113.8
Net Income (MM)	(97.8)	(21.9)	(4.1)
EBITDA(MM)	(90.5)	(17.0)	2.8

VALUATION METRICS

EV/Revenue
EV/Sales

INDICES



Overview: We are initiating coverage on Mission NewEnergy Ltd. (MNEL) with a Market Perform / Speculative Risk rating. The company is primarily engaged in Palm based biodiesel refining and sales and Jatropha-based biodiesel feedstock cultivation and processing. We view MNEL as a vertically integrated biodiesel play that combines feedstock cultivation, biodiesel production and biodiesel distribution. This is a pre-commercialization Jatropha based biodiesel story that is currently operating on refining crude palm oil. The company's Jatropha plantation effort in India is currently underway and in our opinion 12 to 18 months from maturity. Having a captive supply of a non-food based, high yielding feedstock is an important competitive differentiator. The company's existing infrastructure has a 105 MM gallon per year capacity that should be supported by over 194 K acres of Jatropha cultivation. Higher crude oil prices and supportive government mandates have created a favorable environment for the industry. The company's ability to supply ISCC certified product and the Malaysian government's initiation of the B5 blend program (blending of 5% biodiesel with 95% fossil fuel) are catalysts that have come into play recently and should support steady capacity utilization. We believe the company will attract further interest from investors as it gets closer to producing meaningful quantities of Jatropha based biodiesel.

We believe MNEL should provide investors with an opportunity to benefit from growing demand for alternate fuels driven by government mandates and growth in global energy consumption. We also believe that management's strategic decision to build a captive Jatropha based biodiesel business has the potential to allow the company to be profitable without government subsidies. However, we are cognizant that Jatropha will not play any meaningful role in the near term. We are encouraged to see that the company's feedstock agnostic infrastructure is positioned to be better utilized post the recent palm oil contract win. We will be looking for the company's ability to supply ISCC certified product to open up further revenue opportunities. We believe investors looking for exposure to an emerging biofuel play with significant infrastructure in place should find MNEL's product portfolio attractive. However, given the early stages of meaningful revenue ramp and the time line associated with moving to Jatropha based production we are choosing not to assign a price target to MNEL. We are initiating with a Market Perform Rating.

Valuation: The stock is currently trading around US$7 levels giving the company a market cap of ~$100 MM (fully diluted). This translates to approximately 1x on a forward P/S basis to our revenue expectations for FY2012. This compares to an average P/S multiple of 2.3x for industry comparables. We believe multiple expansion for MNEL in the near term should be driven by execution on the recent contract win.

Investment Risks: (1) Impact of Commodity Price Volatility (2) Feedstock Supplier Risks (3) Future Financing Needs (4) Customer Concentration (5) Uncertainties On RFS2 Approval (6) Risks in Jatropha Plantation (7) High Financial Leverage

Company Description

Mission NewEnergy Ltd, (Nasdaq: MNEL, ASX: MBT), an Australian head quartered company, is engaged in (1) Palm based biodiesel refinery and sales (2) Jatropha-based biodiesel feedstock cultivation and processing, and (3) wind power farm operation (not part of longer term strategy). The company's biodiesel refinery business is operated in Malaysia, with two refinery plants (Plant I has refinery capacity of 100,000 tons/year and Plant II has refinery capacity of 250,000 tons/year). In FY2010 (fiscal year ended June 30), MNEL produced 14,150.6 tons of refined palm-based biodiesel in Plant I, utilizing 14% of the capacity, while Plant II has not yet commenced operation. On Jatropha feedstock front, the company currently has 194,323 productive acres under cultivation in India through contract farming. MNEL expects to continue adding acreage of new productive land each year. In its wind power generation segment, the company is operating two wind mills in India that should not be expected to remain as part of the longer term strategy.

Corporate History

Mission NewEnergy Limited was incorporated in Western Australia in November 2005. In 2006, the company went public through an IPO on Australian Securities Exchange, raising A$27.0 million, and is currently trading under the symbol MBT. In April 2011, the company completed an IPO on Nasdaq, raising USD$25 MM by selling 2.8 MM common shares at USD$9 per share, and now trading under the symbol MNEL.

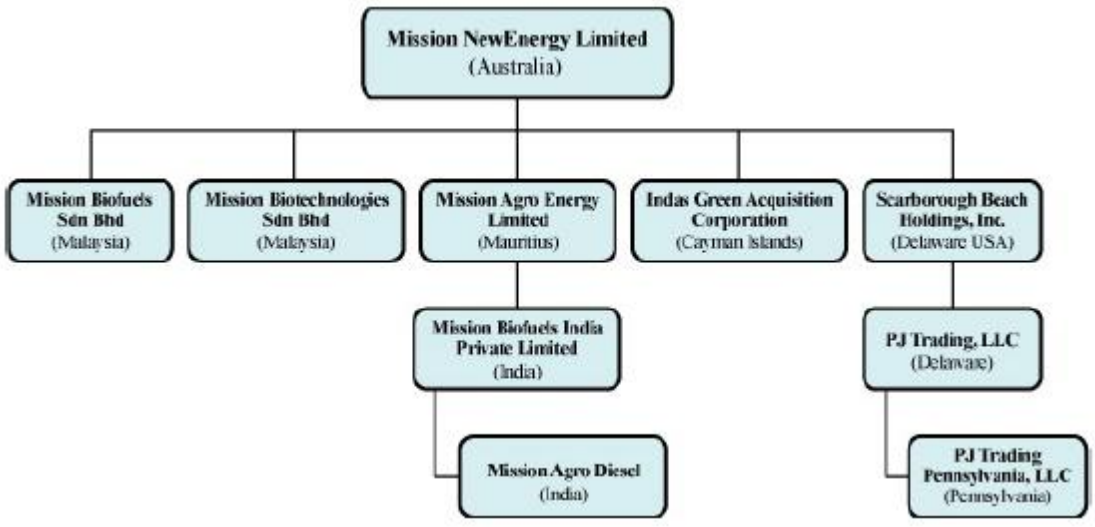
Corporate Structure

For the company's palm-based biodiesel refining business, which is located in Malaysia, all operations and all associated business contracts are held by two wholly owned subsidiaries, (1) **Mission Biotechnologies Sdn Bhd** and (2) **Mission Biofuels Sdn Bhd**. The former owns the first biodiesel refinery with the 100,000 tons (30 million gallons) per year nameplate capacity and the latter will be operating the second biodiesel refinery with the 250,000 tons (75 million gallons) per year nameplate capacity (upon title transfer).

For the Jatropha-based biodiesel feedstock business, the company's cultivation operation is run by **Mission Biofuels (India) Private Ltd** located in India.

The company is also expected to establish a biodiesel trading operation in the US through **PJ Trading Pennsylvania, LLC**, a Pennsylvania subsidiary controlled by PJ Trading, LLC registered in Delaware.

Figure 1: Mission's Corporate Structure



Source: Company Filing

Products

MNEL is currently operating under three primary business lines: (1) palm-based biodiesel refinery (2) Jatropha based biodiesel feedstock plantation and processing (3) wind power generation (for sale). In FY10, refinery contributed ~86% of the company's total revenue, compared to feedstock and wind farm contributing 11% and 3%, respectively. Mission's products have been sold to Europe (99% of FY10 sales) and Singapore (1% of FY10 sales).

Figure 2: Mission's Global Business Footprint

Source: Company Filing

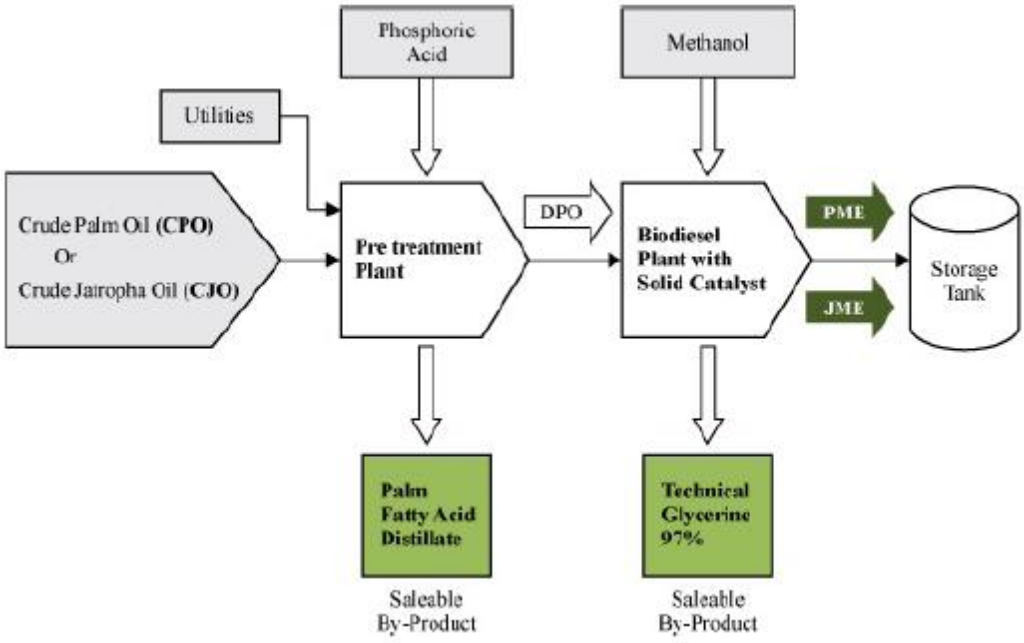
- **Palm-Based Biodiesel Refinery & Sales**

Refinery: The company currently has two refinery plants, Plant No.1 and Plant No.2. Plant 1 has a total refining capacity of 100,000 tons/year while Plant 2, which has a total capacity of 250,000 tons/year (recently completed). The refinery business started production in FY08, but margins were negatively impacted by the volatility in crude oil price therefore it has been running at a very low utilization level (~12% in FY08; 38% in FY09; and 14% in FY10).

Specifically, Mission uses crude palm oil as the feedstock, processes them at its Malaysian refinery facilities, and eventually transports and sells the Palm Methyl Ester (PME), and related by-products including 80% purity crude Glycerin, 97% purity technical Glycerin, and palm fatty acid distillate. Raw material inputs include the palm-based feedstock, methanol, phosphoric acid, nitrogen, sodium hydroxide, hydrochloric acid, silica, and a proprietary solid state catalyst for plant 2. Mission expects to ultimately use cost efficient Jatropha oil as the only biodiesel feedstock once the cultivation is at maturity.

Within this segment, the company has two facilities, Plant 1 and Plant 2, located at Port Kuantan, Malaysia. Plant 1 was built as a stand-alone refinery and it is the first and only non-German biodiesel facility to be certified to the BPAC-AGQM technical standard, which has enabled Mission's entry into the German biodiesel market. It has the flexibility to convert various types of feedstock to biodiesel including palm-based feedstock and Jatropha-based feedstock. Plant 2 was built using the second generation technology developed by Axens, a subsidiary of French Institute of Petroleum. The new generation of technology allows for a substantially lower conversion cost given that it uses a solid state proprietary catalyst instead of sodium methoxide, which is more expensive, during the refining process. Additionally the Glycerin by-product using the second generation technology is of 97% purity, compared to 80% purity for the Glycerin by-product from first generation technology.

Figure 3: Mission's Biodiesel Refinery Process



Source: Company Filing

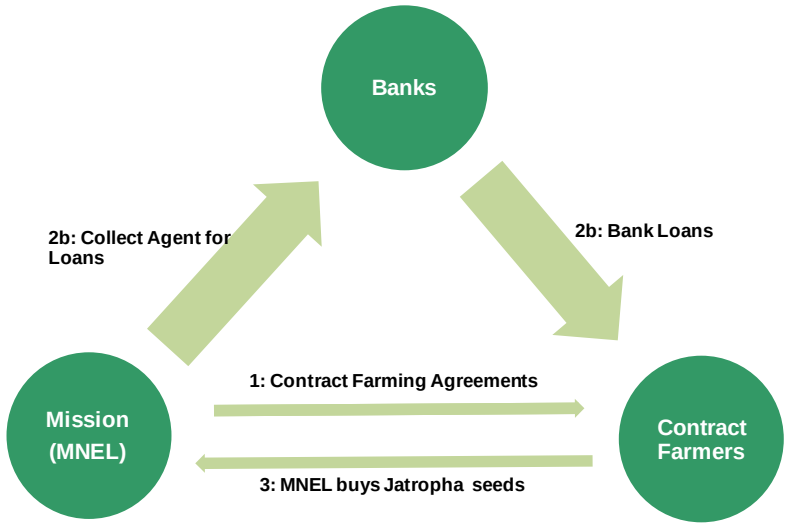
Sales: Historically the company's largest customer in biodiesel sales has been Trafigura Beheer BV, the European commodity trading house that contributed 82% of Mission's biodiesel revenue in FY09 and FY10. This relationship has ended and currently the company's plants, we believe, have been under-utilized. But the company recently won a supply contract from a major international refined oil producer and distributor to provide sustainability-certified biodiesel. Management estimated this contract revenue should exceed USD$100 MM, commencing May 2011 with an initial 3-month trial period. They have become the only supplier of ISCC (International Sustainability & Carbon Certification System) certified palm-based biodiesel products for EU market.

- **Jatropha-Based Biodiesel Feedstock Plantation and Processing**

Jatropha Curcas: Jatropha is an inedible perennial oil-seed plant that can grow on marginal soil with limited water and without displacing agricultural land used for food supply, factors that make it an ecologically friendly source of fuel oil. The Jatropha plant produces seeds annually over its average productive life of 30 years. Harvested seeds of the Jatropha plant are crushed to produce inedible oil that is a suitable feedstock for the production of biodiesel. The remaining meal of the seed or seed cake is a valuable by-product of the oil extraction process that can be sold for various uses. The amount of biodiesel produced from a hectare of Jatropha on a well managed and irrigated field compares favorably with most other biodiesel feedstocks: at maturity, each acre of Jatropha land could produce 1.29 tons of Jatropha-based biodiesel behind 1.40 tons/acre in yield for palm-based biodiesel.

Jatropha Contract Farming Operation: Jatropha has not been widely cultivated in commercial scale for the purpose of biodiesel production. Mission is currently expanding into upstream Jatropha feedstock business through a contract farming model. Historically Jatropha has been growing wild in India and well known to local farmers, and people use Jatropha as a hedge against wild animals due to its inedible and toxic nature. The company has engaged over 140,650 individual farmers to cultivate Jatropha over a wide geography. Currently Mission has a total of 194,323 productive acres, and expects to add more acreage over time. According to filings, Mission typically signs a 30-year farming contract with the farmer, whereby he/she plants Jatropha saplings in the marginal portions of their fields and the company promises to buy back all the seeds from the farmer once the planted saplings have matured into trees and have begun to bear fruit. The contracted farming model provides a reliable source of low cost feedstock for Mission's biodiesel productions. Additionally, Mission works closely with domestic Indian banks, most notably Indian Overseas Bank, to provide financing support to its contracted farmers.

Figure 4: Mission's Contract Farming Financing Model

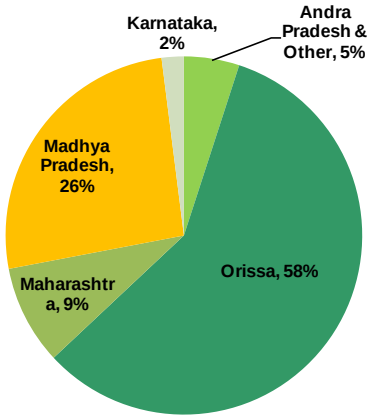


Source: Company Filing

Figure 5: Productive Acreage is Spread Over 5 States

Source: Company Filing

Figure 6: Productive Acreage By Provinces



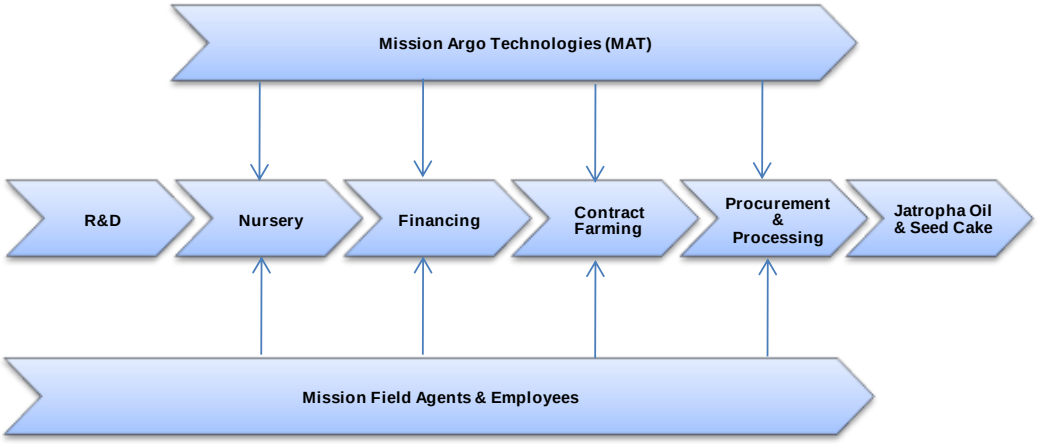
Source: Company Filing

Mission Agro Technologies (MAT): Mission's contract farming model also incorporates a Jatropha seed R&D facility, nurseries, and its proprietary GPS mapping and agronomy management system, called Mission Agro Technologies (MAT). The system was designed to provide the company with a better understanding of the performance of the farming activities, and therefore to track and manage the farming network more efficiently. The MAT system is driven by the company's proprietary Jatropha algorithm which will determine on a farm-by-farm basis at any particular month what agronomy activities need to happen given the profile of the specific farm. The system collects data on condition and quality of the contract farming acreage, average yield, flowering status, etc, and the company's employees will analyze the data and make the best informed decisions. With this technology, the company has better control on each part of the cultivation process and is able to deliver good quality products with lower cost.

Descriptive Information Captured in MAT Database	
Average number of branches per plant	Percentage of plant flowering
Average number of fruits per plant	Percentage of plants fruiting
Average plant height	Pruning Completion
Average stem girth (Circumference)	Slope of the Land
Farmer Attitude in taking care of plantation	Soil type in the field
Flowering and Fruiting status	Type of Land
Month of pruning	Water logging in the field
Mortality	

Source: Company Filing

Figure 7: Mission's MAT Provides the Company a Better Control over Jatropha Business



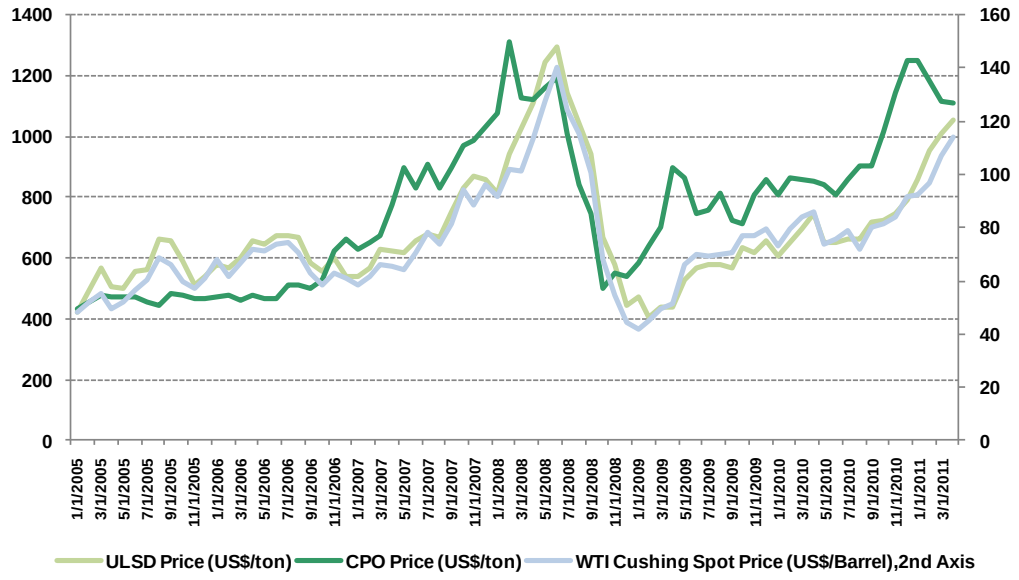
Source: Company Filing, RODM Research

Global Biodiesel Industry Overview

Biodiesel can be used as a direct substitute for certain petroleum-based distillates, such as diesel fuel, jet fuel and heating and bunker oil. Biodiesel is typically mixed with conventional petroleum-based diesel to produce a blended fuel that can be used in vehicles with diesel engines under a variety of temperature and use conditions. Biodiesel is widely used in the major transport fuel markets in Europe and the US. Its value, excluding subsidies or incentives to producers or distributors, is largely in line with the prevailing price of Ultra Low Sulphur Diesel (ULSD), a petroleum-based diesel benchmark. From February 2006 to February 2011, the ULSD premium to crude oil has been as high as US$34.7 per barrel (on July 21, 2009) and has averaged US$11.3 per barrel.

According to a 2009 estimate published by United Nations Conference on Trade and Development, the consumption of biodiesel is expected to reach 3.9 billion gallons (14.9 billion liters, or 13.1 million tons) in the European Union and 1.4 billion gallons (5.2 billion liters, or 4.7 million tons) in the United States by 2012. Countries such as Argentina, China and Malaysia, which have programs to promote biodiesel, should represent a combined demand similar to that of the United States.

Figure 8: Strong Correlation Between CPO and WTI Spot Price



Source: Company Filing

The major process for biodiesel production is called “transesterification”, a chemical reaction that mixes triglyceride and methanol with catalyst and turns them into fatty esters and glycerin. Technically, each 100 lb of feedstock oil requires 21.7 lb of methanol and 1 lb of NaOH as catalyst to turn into 100.4 lb of biodiesel and 10.4 lb of glycerin with 10.9 lb of excess methanol.

Figure 9: Biodiesel Production – Transesterification Process

Source: CIRAS, Iowa State University, RODM Research

1. Bio-diesel Industry Value Chain

The biodiesel industry value chain includes five fundamental components: (1) Plantation, (2) Crude oil production, (3) Conversion to biodiesel, (4) Distribution, and (5) Consumption. Historically, the bulk of that monetary value has been captured upstream in the plantation and in the crude oil production stages. Midstream biodiesel production in isolation, like refining operations for other commodities, generally captures limited value as it has limited control of its input costs and limited ability to influence the price of its output. Plant and animal fat crude oil feedstock suppliers instead exercise greater control and have typically increased their prices in tandem with any increase in the value of the refined biodiesel. These lock-step price movements diminish the value captured in the biodiesel production segment and the distribution component while favoring the upstream suppliers of feedstock.

Figure 10: Biodiesel Value Chain

Source: Company Filing

2. Biodiesel Demand-Supply Analysis

Normally the demand and supply of biodiesel are largely driven by several factors: (1) Traditional petroleum-based diesel price and production. (2) Feedstock and agricultural commodity price. (3) Government mandate and subsidies. (4) Transportation and logistics cost (5) feedstock availability and yield (6) Improved production efficiency. (6) Foreign exchange rate

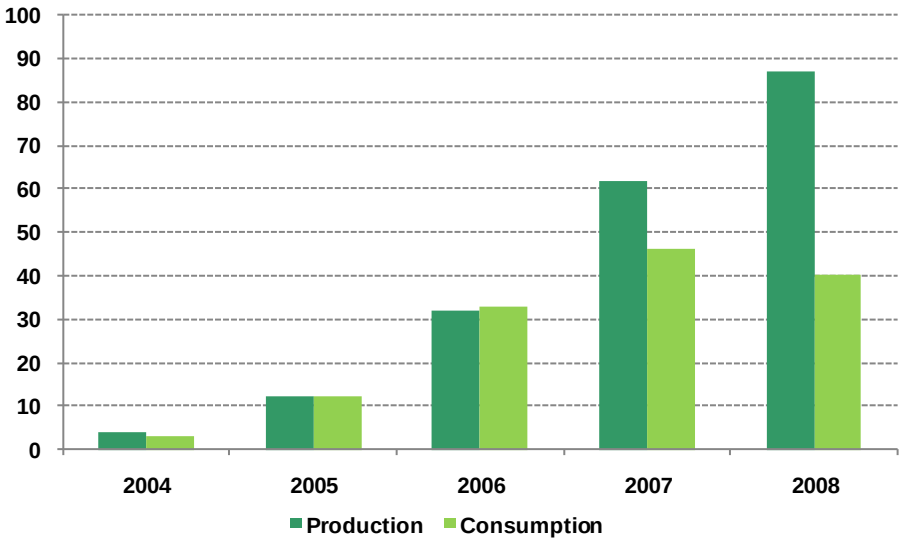
Figure 11: Price and Quantity Impacts of Supply and Demand

	Impact on Biofuels		Impact on Feedstock Volume	
Changes In	Price	Volume	Used for Biofuel	Used for Non-Biofuels
Increased biofuels mandate	(+)	(+)	(+)	(-)
Higher yield growth	(-)	(+)	(+)	(+)
Higher energy prices	(+)	(+)	(+)	(-)
Improved conversion efficiency	(-)	(+)	(-)	(+)
Increased biofuel imports	(-)	(-)	(-)	(+)
Higher by-product value	(-)	(+)	(+)	(-)
Reduced logistics costs	(-)	(+)	(+)	(+)

Source: Biomass Research & Development Initiatives

On the demand side, over the past few years, global consumption of biodiesel has grown rapidly, from 3 trillion BTU in 2004 to 40 trillion BTU, implying a CAGR of 67.8%. On the supply and production side, biodiesel production increased from 4 trillion BTU to 87 trillion BTU during the same time horizon, indicative of an 85.1% CAGR. We believe in the near-term, the demand-supply situation should continue to be directly driven by pricing of petroleum-based oil and its production.

Figure 12: 2004-2008 Global Biodiesel Production & Consumption, in Trillion BTU



Source: US Energy Information Administration

3. Major Available Feedstock

Within biodiesel industry, there are several available types of oil which can be used as feedstock in biodiesel production, including virgin oil feedstock, waste vegetable oil, animal fat, algae, and halophyte-based oil. Virgin oil feedstock includes rapeseed, soybean, sunflower, palm, Jatropha, coconut, cotton, etc. Among available feedstock, algae has the highest yield level, capable of yielding more than 10,000 gallons (33.6 tonnes)/acre, but the mass production is still a few years away since the current production cost of algae-based biodiesel is significantly higher than petroleum-based diesel fuels. Second to algae is palm-based oil, with yield of 1.40 tonnes/acre, and Jatropha ranks the third, yielding 1.29 tonnes/acre on average, higher than most available feedstock, including castor bean, Tung oil, sesame oil, sunflowers, etc.

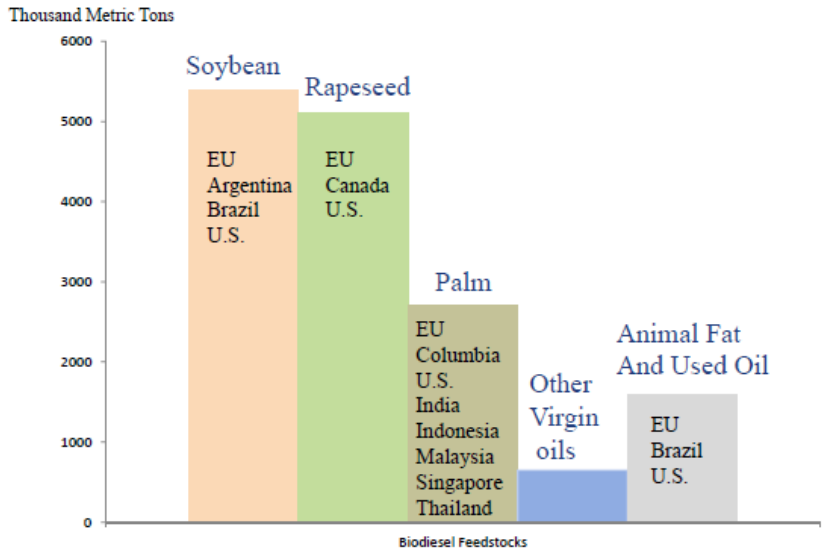
Figure 13: Major Feed Stock Yield, Tonnes per acre

Plant Species	Yield
Algae	6.17~16.78
Palm Oil	1.40
Jatropha	1.29
Camelina	1.00
Canola	0.55
Rapeseed	0.30
Soybean	0.12
Seashore Mallow	0.12

Source: Company Filing, NCAT, MARC-IV Consulting

In terms of production volume, soybean is the most commonly used feedstock, followed by rapeseed, palm, and animal fat/used oil, according to data published by F.O.Licht and Transportation Research Board of USDA. By availability, palm and soy are the common feedstock and can be grown in various different environments. Jatropha has a relatively low availability given that it mostly grows wild in India, but it is one of the cheaper choices available to biodiesel producers.

Figure 14: Current Feedstock Availability by Production Volume



Source: F.O.Licht, USDA Transportation Research Board

4. Jatropha – Pros and Cons

What is Jatropha? Mission is aggressively expanding its footprint in Jatropha-based biodiesel feedstock market through contract farming. Jatropha, or Jatropha Curcas, is an inedible perennial oil seed plant, and the mature plants produce separate male and female flowers. As with many members of the family Euphorbiaceae, Jatropha contains compounds that are highly toxic. Jatropha has recently been deemed as one of the best candidates for future biodiesel production given its strong resistance to drought and pest and the fact that it is capable of producing oily seeds with 27%~40% high

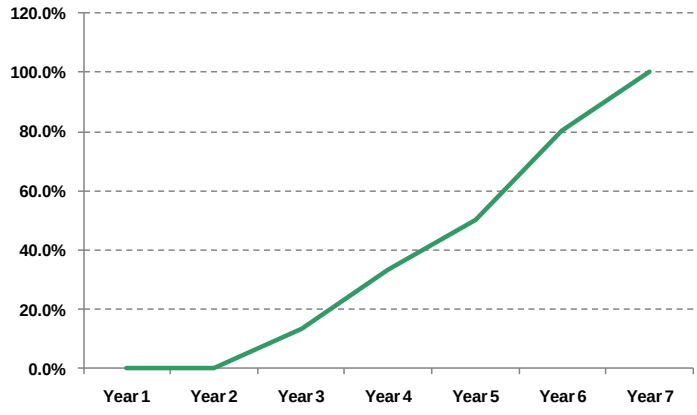
oil content and usable by-product, the Jatropha seed cake. Plus, it can be grown on marginal land without displacing current agricultural land use for food supply. Therefore, theoretically Jatropha is highly sustainable and socially responsible feedstock substitute for petroleum-based diesel.

Figure 15: Left-To-Right: Jatropha Seeds, Jatropha Trees, Jatropha Flowers, and Jatropha Fruits

Source: Google Images

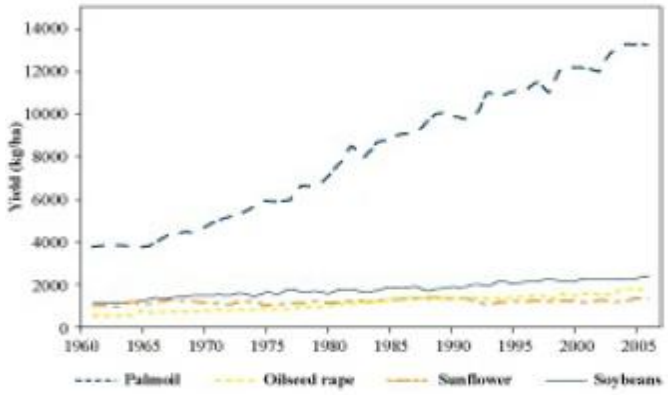
Jatropha Yield: There are several factors determining the yield of Jatropha cultivation: **(1) Quality of Land.** High land quality could significantly improve the plant yield. However, one of the most attractive features making Jatropha a viable candidate is that it is grown on marginal land, where the soil condition may vary depending on location and weather. (**2) Genetic Stock.** Jatropha seed was originally found in wild and scientists and researchers have been increasingly focused on development of higher yield Jatropha genetic stock and sought to eventually reach mass cultivation. **(3) Inputs.** This includes the use of advanced irrigation technologies, ample water resources, and fertilizer should improve the yield performance. **(4) Agronomy Practice.** Jatropha yield is also largely driven by the agronomy practice, including the farmer's skill, plant architecture, weeding, and planting fashion. According to the available research on Jatropha plantation, on average it takes three years for a newly planted Jatropha sapling to start bearing fruit and another three years to reach full maturity. At full maturity, Jatropha trees will bear fruit for approximately 30 years. Various studies show that at maturity the median seed yield is reported at 1.9 tonnes/acre level. If assuming 33% oil extraction rate, which is the average oil content level of Jatropha, it is expected that Jatropha can realize 0.6 tonnes of oil per productive acre annually.

Figure 16: Jatropha Seed Yield as % of Yield At Maturity



Source: Company Filing

Figure 17: Palm Oil Yield Over Time



Source: Company Filing

Figure 18: Crude Jatropha Oil Yield

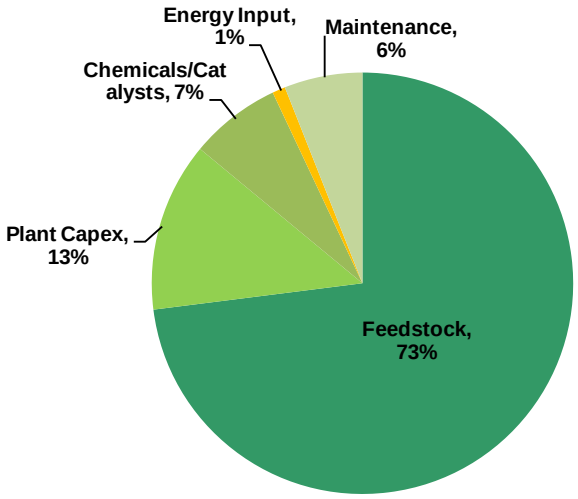
Yield Per Acre At Maturity	Total Jatropha Oil Per Acre Over 30 yrs
tonnes/year	in Barrels
0.48	88.87
0.54	99.97
0.62	114.79
0.68	125.90
0.74	137.01

Source: Company Filing

Production Cost of Jatropha-Based Biodiesel: According to Mission's filings the estimated production cost for Jatropha plantation is around US$107.13/barrel, or US$792.8/tonne, including cost of contract farming, purchasing cost on Jatropha seeds, chemicals/catalysts, energy input, plant maintenance, and around ~US$36.3/barrel or ~US$268.6/tonne in transportation and logistics cost. If taking into consideration the value realized from selling Jatropha seed cake, the by-product, which is worth US$43.8/barrel or US$324.0/tonne based on current market price, the net production cost of Jatropha-based biodiesel is approximately $63.4/barrel or USD$469.2/tonne.

According to a study conducted by APEC Energy Working Group in December 2010, in Jatropha production, feedstock input accounted for approximately 73% of total cost, using 5-year average crude jatropha oil price of $477/tonne as the feedstock cost.

Figure 19: Jatropha Biodiesel Production Cost Breakdown

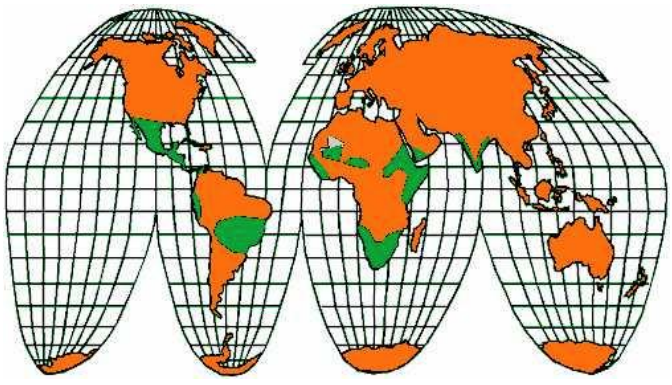


Source: APEC Energy Working Group

5. Global Jatropha Plants Distribution

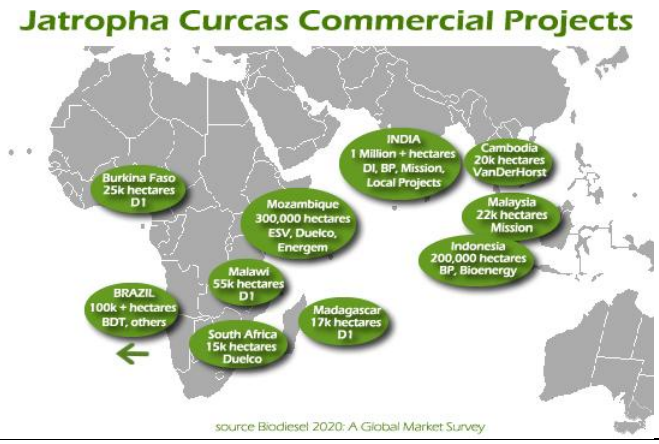
Currently, Jatropha is grown primarily in Southeast Asia, including India, Malaysia, and Indonesia, as well as parts of Africa and Latin America. Some Jatropha varieties are native to certain Southern States, but may be considered invasive species. The green shading on the map below indicates the primary areas where Jatropha is grown. These areas are mainly in the tropics and are not known to have land of good quality. Over the past few years, Jatropha plantation has been growing aggressively, now it is grown on most continents.

Figure 20: Global Distribution of Jatropha Plantation



Source: Global Energy and Biofuels Market Intelligence

Figure 21: Current Major Jatropha Projects Globally



Source: Biodiesel 2020: A Global Market Survey

6. Regulation

Government Mandates: Increasing social awareness about GHG (Green House Gas) emission from traditional petroleum-based gasoline and diesel has created political willingness around the world to encourage the use of cleaner biofuels to reduce the GHG emission. Over the past few years, the major economies have introduced various mandates and subsidy programs to support the growth in biodiesel supply. For example, US federal and state level governments have mandated the use of a total of 36 BB gallons of biofuels by the year of 2020. Other countries like India, Brazil and EU have set the mandate target for blending 5%~5.75% of biodiesel in petroleum-based diesel.

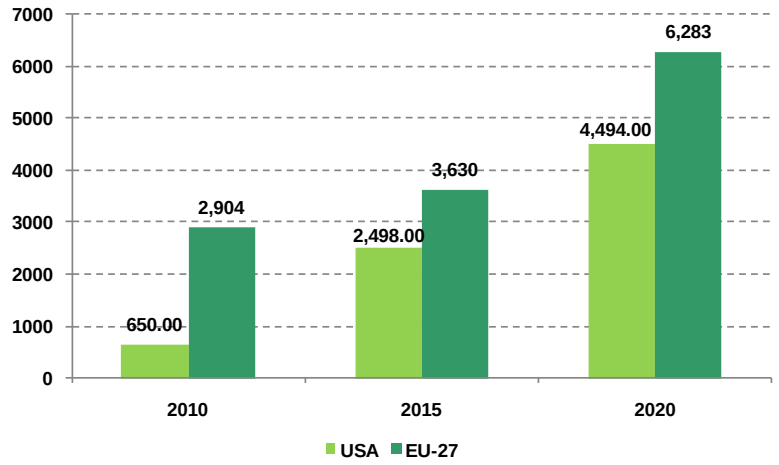
Figure 22: Major Government Mandates Around the World

United States	Brazil	European Union	China	India
• Mandate of 36 billion gallons of biofuels by 2022. • Volumetric tax credit of US$0.51/gallon of ethanol and US$1.00/ gallon of biodiesel.* • Cellulosic biofuel producer tax credit of US$1.01/gallon. Small producer tax credit of US$0.1/gallon. • US$1 billion in support for second generation technology.	• 30 plus year commitment to ethanol program. • Annual blending target of 25% for ethanol. • 5% blending target of 5% for biodiesel by 2013. • Lower taxes for ethanol (E100) than gasoline. • Flex Fuel Vehicle (FFV) sales tax of 14% compared to 16% for gasoline-only vehicles.	• 5.75% blending target by 2010 and 10% by 2020. • Discussion on target waiver triggered by food crisis, but no change of policy so far. • Country-level subsidies average US$1.90/gallon for ethanol and US$1.50/gallon for biodiesel. • Penalty fee in five (5) countries for noncompliance with biofuel target.	• Plan to substitute 20% of crude imports by 2020. • Target of 1.7 billion gallons of ethanol by 2010. • Investments in feedstock-rich countries.	• Blending targets in current drafts are 5% by 2012, 10% by 2017, 20% for long-term. • Target of 20% biofuels by 2020. • Duty-free imports of Jatropha to support biodiesel. • Individual states may set additional measures to promote biofuels or restrict transport of molasses over state boundaries.

Source: Coyle, W., The Future of Biofuels: A Global Perspective , Economic Research Service, USDA, 2007

According to a study announced by UN Conference on Trade and Development, it is estimated the government mandates will help boost the global demand for biodiesel to 17.8 BB gallons (59.7 MM tonnes) by 2020, and total capacity based on existing facilities and construction in progress will be 12.9 BB gallons (43.3 MM tonnes). The report estimates that by 2015, demand from EU 27 countries will reach 3.6 BB gallons and demand from US should amount 2.5 BB gallons.

Figure 23: Major Government Mandates Around the World, in MM gallons



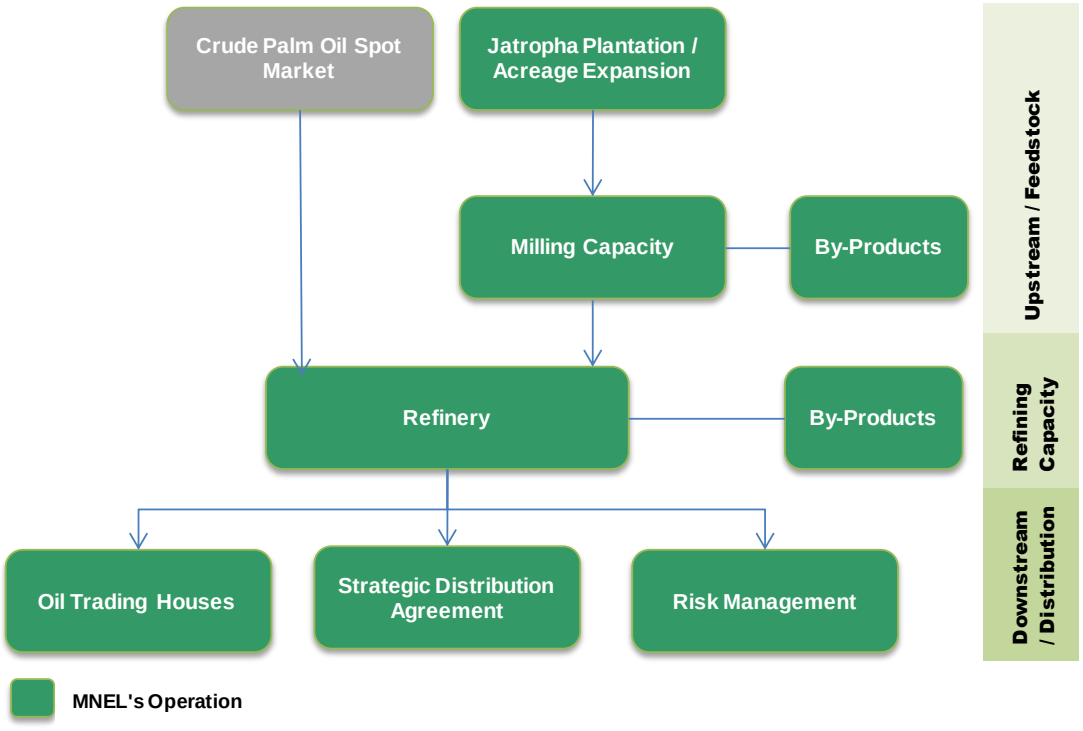
Source: The Biofuels Market: Current Situation and Alternative Scenarios, United Nations Conference on Trade and Development, 2009

Uncertainties on RFS2 and RINs: In the US, the target of 36 BB gallons of biofuels was mandated under Renewable Fuels Standard (RFS2). Specifically, this target includes 15 BB gallons of conventional biofuels such as corn ethanol and 21 BB gallons of advanced biofuels like biodiesel. RFS2 dictated use of 1 BB gallons of biodiesel per year. However RFS2 legislation has only allowed soy oil, used cooking oil, and tallow oil as eligible feedstock for biodiesel based on its environment GHG requirement. Currently Palm and Jatropha-based oil are not yet approved under RFS2 while EPA (Environmental Protection Agency) is in process analyzing and determining the viability of palm and Jatropha-based biodiesel. RFS2 also allows biofuels suppliers to receive credits from EPA in the form of RINs (Renewable Identification Number, which is a 38-character numeric code that is generated representing gallons of renewable fuel assigned to batches of renewable fuel for transfer) for the qualified products that they register. Each year, crude oil refiners in the US are required to produce certain amount of biofuels or simply buy RINs from open market to meet the target. In order to generate RINs, the biofuels product has to be approved by EPA under RFS2 standard. There are uncertainties on whether Jatropha and Palm can be approved to be used in the US and generate RINs in the near-term future.

Company Analysis

Business Model: Mission has been focused on building a vertically integrated business model, from upstream feedstock plantation to downstream distribution. This should allow the company to eventually differentiate themselves through better control over input costs and operational efficiency. This advantage, however, may not come into play until the company's upstream Jatropha cultivation operation reaches full maturity in another 2~3 years. The company is currently seeking to better utilize its low-cost refinery to supply finished palm-based biodiesel products on short-term contracts using external crude palm oil as feedstock.

Figure 24: Mission's Business Model



Source: SEC Filing

Jatropha Is A Differentiator But Not Expecting It To Be Meaningful in Near Term: A key differentiator for MNEL as a biodiesel play is its effort to incorporate Jatropha as a primary feedstock. According to filings the company has 194,323 productive acres of Jatropha under cultivation in India via contracted farmers. Jatropha is an inedible oil seed plant that can potentially be grown on marginal soil thus reducing the threat of displacing agricultural land for food crops. We believe the company's existing refining infrastructure combined with a captive supply of Jatropha feedstock could provide a unique market position. Management believes that their Jatropha based effort could generate gross profits for crude oil

levels above $52.15 without any government subsidies. However, investors should note that the company's Jatropha cultivation effort only began in 2007 with the first commercial oil yields being realized in 2010. We believe the Jatropha plantations are a year to two years from maturity. The company's Jatropha feedstock supply is not yet sufficient to productively run the refineries on. The company has so far only sold Jatropha oil to various customers. Jatropha oil sales should be viewed as positive steps to the ultimate commercialization of this effort but investors should continue to monitor the company's contract farming strategy and ability to meet evolving environmental and regulatory standards for renewable fuels to participate in the market. We are not currently modeling any meaningful revenues from Jatropha.

Existing Infrastructure Should Be Viewed As A Positive: The company's existing refining capacity of 105 MM gallons per annum and over 194 K acres of Jatropha plantation makes them commercially relevant to larger blenders and allows for operating leverage to support profitability. The company has spent $90 MM to build out this feedstock agnostic infrastructure that includes portside locations to support logistics. With such an infrastructure in place if management can deliver on the Jatropha cultivation, we believe achieving profitability in near to mid-term is not unrealistic.

Expecting Palm Oil To Drive Near Term Refining Revenues: We believe that majority of the company's near term revenues will be driven by palm oil sales. While the company cultivates its Jatropha feedstock effort to maturity the company has been primarily utilizing crude palm oil as feedstock. This is in line with the company's recent contract announcement to supply sustainability-certified palm based product to a major international producer and distributor of refined oil products. The company expects contract revenue should exceed $100 million subject to a three month trial period beginning in May 2011. In addition, MNEL also announced in early March that it had established Asia's first fully integrated ISCC certified palm biodiesel supply and production chain, in collaboration with FELDA, a Malaysian government corporation and one of the world's largest palm oil producers. This collaboration may yield further revenue opportunities.

New $100 MM Contract Is A Key Test: In our opinion this three month trial to supply ISCC certified product to the European customer will be an important indicator of management's execution capabilities. We are expecting the shipment volume for the first three months to be 4,000 tons per month at an ASP of CPO + $120.00 (Crude Palm Oil). Once the trial period is over we expect regular shipments of 8,000 tons per month at an average ASP of CPO + $120.00.

Will Oil Price Volatility Be An Important Variable? Unrest in the middle-east has renewed interest in biofuels as crude oil prices were pushed to $120 levels encouraging speculative investments in biofuel feedstocks such as oil palm. However higher oil prices may not be the sole driver for biofuel demand. Movements in food prices and overall energy demand expectations tied to global GDP growth can also impact demand for biofuels. To simplify the attractiveness of biofuels to the market, investors should be looking for higher petrol/diesel prices and lower feedstock prices. We believe there is general consensus in the market that oil prices need to be above $140-$150 range for biofuels producers to comfortably cover costs.

However, underlying these dynamics is the government's role in providing support in the form of subsidies, tax breaks etc. On the back of such support demand for biofuels is expected to significantly increase over the next decade. According to the Organization for Economic Co-operation and Development and Food and Agriculture Organization, the European Union and the United States are projected to become world's biggest biofuel-importing markets by 2019. Demand from EU is expected to be driven by efforts to reduce greenhouse gas emissions vs. energy security should be a larger driver for US demand.

Cannot Rule Out Further Capital Infusion: Given the company's current capital structure and growth needs investors considering MNEL should not rule out the potential for further capital raises. As capacity utilization improves, we believe working capital requirements should be expected to grow.

Impact of Forex Fluctuation: MNEL's reporting currency is the Australian dollar. The company's operations span several countries and key currencies that come into play for this story are Australian dollar, US dollar, Malaysian Ringgit and Indian Rupee. Currency fluctuations could have a bearing on the company's share price and operational results.

Malaysia B5 Mandate: Investors should be aware of Malaysian government's B5 blend program. This involves the blending of 5% biodiesel with 95% fossil fuel that was initially scheduled for launch in January. We believe the implementation of this mandate will create a new demand environment that MNEL should be able to participate in.

Market Competition

Biodiesel market in general is highly competitive. Over time, many biodiesel refiners and distributors have emerged driven by increasing government subsidies, together with big energy companies' renewable energy divisions. Mission faces competition from both groups.

In palm-based biodiesel space, the company competes with both integrated and specialized refiners such as Wilmar International (WIL.SP, Not Rated), Golden Agri Resources (E5H.SGX, Not Rated), BDI Bio-energy (D71.GR, Not Rated), Equatorial Palm Oil Plc (PAL.LN, Not Rated), etc. Additionally Mission also faces competition from traditional integrated oil companies who have launched palm-based diesel production, such as Neste Oil (NES1V.HE, Not Rated).

In Jatropha-based biodiesel space, the competition is less intense given that the plant is still in the early stage of commercialization, and we believe Mission is one of the leading Jatropha players globally but it still has to compete with players such as D1 Oils PLC (DOO.LN, Not Rated), AMG Bioenergy Resources (ABG.CN, Not Rated), Gem BioFuels PLC (GBF.LN, Not Rated), Viridas PLC (VIR.LN, Not Rated), and Curcas Oil NV (CCZ.GR, Not Rated), etc.

We believe Mission has to compete with companies that provide biodiesel products using competing feedstock or technologies such as soybean, corn, algae, sunflowers, rapeseed, etc.

Historical Financials

Historically, Mission's financial performance has been reflective of crude oil volatility and its impact on biodiesel pricing and demand. By production/shipment volume, the company produced 6,712 tonnes, 37,626 tonnes, and 14,150 tonnes of palm-based biodiesel in FY08, FY09, and FY10 (Fiscal Year ended on June 30), implying 12%, 38%, and 14% in capacity utilization. In the first six months of FY11, the company produced 4,273 tonnes, representing ~4% of annual nameplate capacity. Over the past few years, the company's largest customer in biodiesel sales has been Trafigura Beheer BV, the European commodity trading house, who contributed 82% of Mission's biodiesel revenue in FY09 and FY10. This relationship has ended. But the company has recently won a supply contract from a major international refined oil producer and distributor to provide sustainability-certified product. Management estimated this contract revenue should exceed USD$100 MM, commencing May 2011 with an initial 3-month trial period.

From FY08 to FY10, revenue grew from A$29.9 MM in FY08 to A$55.2 MM in FY09, then declined to A$16.5 MM in FY10. Gross profit was down from A$19.0 MM in FY08 to A$1.4 MM in FY10, while operating loss extended from A$23.3 MM in FY09 to A$97.8 MM in FY10. Net loss to common share holders also increased from A$23.7 MM in FY09 to A$97.8 MM in FY10, leading to a diluted EPS of A$(20.759) in FY10.

During the first half of FY11, the company generated A$5.7 MM in revenue, A$1.0 MM in gross profit, A$(14.1 MM) in operating loss and net loss, and A$(2.514) per diluted share.

Financial Outlook

For 3QFY11, we do not expect material revenue given that the new $100 MM contract will not come in to play until early June 2011, and the absence of Trafigura relationship. After accounting for expenses, we estimate 3QFY11 to end with a net loss of A$(4.1 MM), or A$(0.727) per diluted share. For 4QFY11, we anticipate the palm-based biodiesel refinery to be running again for roughly one month of June with production volume of approximately ~2,000 tons. We are projecting A$2.6 MM in total revenue and A$0.4 MM in gross profit. Operating and net loss are estimated at A$(3.7 MM), resulting in A$(0.251) per share. On a full year basis, our expectations are A$8.3 MM for top-line, A$1.4 MM for gross profit, A$(21.9 MM) in net loss, and A$(3.492) in diluted EPS.

For FY12 ended on June 30, 2012, we are assuming that the company should eventually pass the 3-month initial trial for that $100 MM contract, and make it through the whole year. Based on this assumption, we should expect approximately 80,000 tons in production volume during FY12, representing 70% plus of utilization rate. We are projecting revenue, gross profit, net loss, and diluted EPS of A$113.8 MM, A$18.7 MM, A$(4.1 MM), and A$(0.264), respectively.

Valuation

We believe MNEL should provide investors with an opportunity to benefit from growing demand for alternate fuels driven by government mandates and growth in global energy consumption. We also believe that management's strategic decision to build a captive Jatropha based biodiesel business has the potential to allow the company to be profitable without government subsidies. However, we are cognizant that Jatropha will not play any meaningful role in the near term. We are encouraged to see that the company's feedstock agnostic infrastructure is positioned to be better utilized post the recent palm oil contract win. We will be looking for the company's ability to supply ISCC certified product to open up further revenue opportunities. We believe investors looking for exposure to an emerging biofuel play with significant infrastructure in place should find MNEL's product portfolio attractive. However, given the early stages of meaningful revenue ramp and the time line associated with moving to Jatropha based production we are choosing not to assign a price target to MNEL. We are initiating with a Market Perform Rating.

The stock is currently trading around US$7 levels giving the company a market cap of ~$100 MM (fully diluted). This translates to approximately 1x on a forward P/S basis to our revenue expectations for FY2012. This compares to an average P/S multiple of 2.3x for industry comparables. We believe multiple expansion for MNEL in the near term should be driven by execution on the recent contract win.

In April 2011 Mission raised US$25 MM through an IPO on Nasdaq. The company is expected to use the new capital to continue to expand its upstream Jatropha feedstock plant acreage, to construct the crude Jatropha oil extraction facility, and to support its working capital needs.

Capital Structure

The company has a well diversified ownership structure, with institutions, insiders, and individual investors controlling 65%, 14.2%, and 21% of the total shares outstanding, which is 5.7 MM as of April 7, 2011. The company completed an IPO at Nasdaq in April, raising US$25 MM by selling 2.8 MM shares of common stock to US investors. Currently the company has a total of 8.5 MM shares outstanding, Series One Convertible Note for 230,769 shares of common stock at A$65.0/share, Series Two Convertible Note for 2.8 MM common shares at A$16.25 per share.

Figure 25: MNEL's Capital Structure

Basic Shares Outstanding	8.512
Series I Convertible Notes	0.231
Series II Convertible Notes	2.819
Warrants Outstanding	2.995
Performance Rights	0.236

Source: Company Data, RODM Research

Management

Dario Amara. Mr. Amara has been Chairman and a Director of Mission NewEnergy since 2006. He is an engineer with business experience gained over 30 years in the Australian and international markets and across the resources and infrastructure sectors. Prior to founding Emerson Stewart Group Limited (ESW-ASX, Not Rated) in 2005 (an ASX listed entity for which Mr. Amara is Managing Director and Chief Executive Officer), for over 16 years Mr. Amara occupied senior executive roles with major construction and engineering groups, including as chief executive officer of GRD Minproc and John Holland Asia. He is currently a non-executive director of Austal Limited (ASB-ASX, Not Rated, an ASX listed entity which designs and constructs customized aluminium vessels). Mr. Amara was a director of the Perth International Arts Festival and also served as chairman of the West Australian Opera Company and the Art Gallery of Western Australia. He is a Fellow of the Institution of Engineers Australia.

Nathan Mahalingam. Mr. Mahalingam has been Chief Executive Officer (formerly having the title of Managing Director) and a Director of Mission NewEnergy since 2005. He has over 25 years of management experience in banking and finance, heavy industries and infrastructure development. Prior to joining us, Mr. Mahalingam managed his own boutique

corporate advisory practice between 2000 and 2004. Between 1995 and 2000, he served as project director in the Westport Group, developers of one of Malaysia's largest privatized port and transshipment facilities.

Guy Burnett. Mr. Burnett has been Chief Financial Officer (formerly having the title of Finance Director) since 2008, a Director since 2009 and Company Secretary of Mission NewEnergy since September 2010. He is a Chartered Accountant and has worked as a financial professional in several large corporations. Prior to joining Mission NewEnergy, Mr. Burnett was Manager, Corporate Accounting & Tax with Western Power (WPEC, Not Rated, an electricity networks corporation owned by the Western Australian government) from 2006 to 2008 and, before that, worked as a financial accountant for Water Corporation from 2004 to 2005 and served as a Manager with KPMG from 2005 to 2006 where he assisted clients with implementing International Financial Reporting Standards.

Datuk Zain Yusuf. Mr. Zain has been a non-executive Director of Mission NewEnergy since 2006. He has over 25 years experience with Shell (RDSB-LON, Not Rated). From 1986 to 1988, he was seconded to Shell International, United Kingdom and worked as Marketing Consultant in Shell UK and Shell Caribbean. Upon his return to Malaysia, he was made Marketing Director of Shell Malaysia a position he held from 1989 to 1992. He subsequently served on the Board of Directors of Shell Group Malaysia as Executive Director from 1992 to 1995, with responsibility over a total of 18 group subsidiaries involved in both the upstream and downstream petrochemical business. Mr. Zain was the past chairman of the Malaysian Australia Business Council.

Admiral (Ret) Tan Sri Dato' Seri Mohd Anwar bin Haji Mohd Nor (Tan Sri Anwar). Tan Sri Anwar has been a nonexecutive Director of Mission NewEnergy since 2009. He served with the Malaysian armed service for nearly 40 years until his retirement in February 2007. In April 2005 he became the first naval chief in the Malaysian Armed Force (MAF) to ascend to its highest military office, the Chief of Defense Force, commanding a force of nearly 100,000. He also served in academic positions at the Naval Staff College (Rhode Island, USA), Navigation and Direction Course and Principal Warfare Officers Course (United Kingdom). He also holds a Master of Science in Engineering Business Management from the University of Warwick, United Kingdom. Tan Sri Anwar has received numerous commendations, awards and accolades in recognition of his talents, and was bestowed the Panglima Mangku Negara, which carries the title of "Tan Sri", by His Majesty the Yang Di-Pertuan Agong (the King of Malaysia). He has also received distinguished medals from foreign governments such as the Ordre National De La Legion D'Honneur from France and the Command of the Legion of Merit from the United States. Amongst the varied positions he holds in the corporate sector, since August 2007 Tan Sri Answar has been a Corporate Advisor to Sime Darby Bhd, the largest palm oil plantation company in the world. He also chairs the board of the Armed Forces Fund Board, a multi-billion dollar fund with investments in banking, plantations, petrol retail and hotels.

James Garton. Mr. Garton has been Head of Corporate Finance and Mergers and Acquisitions since 2008. He has over 10 years experience in corporate finance, working in investment banking. Mr. Garton joined Mission NewEnergy from U.S. investment bank, FBR Capital Markets, where he was Vice President, Investment Banking. Prior to FBR Capital Markets, he worked in corporate finance and equity capital markets with Australian firm BBY Limited. Before BBY, Mr. Garton worked in private equity with the Australian advisory firm Investment Capital Limited. Mr. Garton has a Masters of Applied Finance from Macquarie University, Sydney, and a Bachelor of Science in Economics and a Bachelor of Business Administration in Finance from Texas A&M University.

Investment Risks

Customer Concentration

Historically company's largest customer in biodiesel sales has been Trafigura Beheer BV, the European commodity trading house, who contributed 82% of Mission's biodiesel revenue in FY09 and FY10. This relationship has ended and currently the company's plants are idle. It has recently won a supply contract from a major international refined oil producer and distributor to provide sustainability-certified product. Management estimated this contract revenue should exceed USD$100 MM, commencing May 2011 with an initial 3-month trial period. We believe this revenue structure imposes a risk that if Mission does not pass the 3-month initial trial for the US$100 MM contract, it has no major revenue stream in the near-term given that its Jatropha plantation will not reach full maturity until 2-3 years later.

Impact of Commodity Price Volatility

Unrest in the middle-east has renewed interest in biofuels as crude oil prices were pushed to $120 levels encouraging speculative investments in biofuel feedstocks such as oil palm. However higher oil prices may not be the sole driver for biofuel demand. Movements in food prices and overall energy demand expectations tied to global GDP growth can also

impact demand for biofuels. To simplify the attractiveness of biofuels to the market, investors should be looking for higher petrol/diesel prices and lower feedstock prices.

Feedstock Supplier Risks
Historically in Mission's palm-based biodiesel refinery business, the company is using Cargill (CARG-COL, Not Rated) as its primary feedstock supplier, accounting for 95% of total crude palm oil procurement. Cargill is currently one of few CPO suppliers that meet the requirement of new Renewable Energy Directive sustainability criteria introduced by EU in January 1, 2011. Therefore we believe this could potentially hinder Mission's negotiating power with Cargill given the fact that most local CPO suppliers in Malaysia and Indonesia are currently not certified by the new EU criteria.

Regulatory Uncertainties (RFS2 Approval)
As we discussed in regulation section, in order for Palm and Jatropha-based biodiesel to be sold in the US market and generate RINs, EPA needs to complete its analysis on their lifecycle, GHG effects, and overall feasibility. Currently neither Palm nor Jatropha has been approved under RFS2 standard, and it is uncertain whether or not they will be approved. The Valero offtake agreement is dependent on meeting all the requirement of EPA, there we believe there are risks that the Valero relationship may not be able to materialize.

Risks in Jatropha Plantation
A few years ago various studies show that Jatropha is one of the ideal candidates for biodiesel production given that it grows on marginal land so that it will not compete with food crops and it is resistant to drought. However, compared to conventional biofuels feedstock, Jatropha plantation is still relatively new and in its early stage of commercialization. There have been some examples of unexpected challenges from mass cultivation of Jatropha. For instance, according to several cases from companies that already invested in Jatropha plantation, this species turned out to be very water consuming and weather demanding in certain circumstances, and Jatropha yield could fall dramatically under drought environment.

Financial Leverage
As of June 30, 2010, the company had total cash of A$17.2 MM and debt balance of A$59.0 MM. In April 2011 the company raised US$25 MM through an IPO on Nasdaq. We believe the company's business nature requires sufficient capital support through both debt financing and equity financing. A high financial leverage could impose additional burden on interest expenses, which could materially affect the company's future earnings power.

Figure 26: MNEL Comparable Analysis

			Shares Out	Rating	MKT Cap.	Cash	EV	EBITDA			EV/EBITDA			Debt	P/S			
Company	Ticker	Close	(MM)		($MM)	($MM)		Y2010	Y2011	Y2012	Y2010	Y2011	Y2012	($MM)	2009	2010	2011	2012
US Listed Biofuels Comparables																		
Amyris Inc.	AMRS	29.52	44.5	Not Rated	1,314.94	227.18	1,104.3	(78.57)	(101.88)	(33.71)	(14.06)	(10.84)	(32.76)	16.6	-	16.37	6.63	3.63
Gevo Inc.	GEVO	19.60	26.0	Not Rated	494.70	15.90	497.4	(32.33)	(28.59)	(18.94)	(15.39)	(17.39)	(26.26)	18.6	-	30.16	8.02	5.81
Green Plains Renew able Energy Inc	GPRE	10.14	36.4	Not Rated	369.28	162.04	941.4	162.00	129.96	183.75	5.81	7.24	5.12	734.1	0.28	0.17	0.10	0.11
PetroAlgae Inc	PALG	16.50	106.9	Not Rated	1,764.19	0.69	1,820.8	(39.27)	-	-	(46.36)	-	-	57.3	-	-	-	-
BioFuel Energy Corp.	BIOF	0.57	123.1	Not Rated	70.15	7.41	257.6	15.10	-	-	17.06	-	-	194.9	0.17	-	-	-
Pacific Ethanol Inc	PEIX	0.38	120.6	Not Rated	45.84	8.45	159.2	(4.66)	-	-	(34.18)	-	-	121.8	0.14	0.14	-	-
Gushan Environmental Energy Ltd.	GU	3.44	16.7	Not Rated	57.39	65.58	(8.2)	-	-	-	-	-	-	-	0.62	0.94	0.28	0.20
AVERAGE		**11.45**			**588.07**	**69.61**	**681.8**	**3.7**	**(0.2)**	**43.7**	**(18.6)**	**(7.0)**	**(18.0)**	**163.3**	**0.31**	**9.56**	**3.76**	**2.44**
Mission Newenergy Ltd. (US Listing)	**MNEL**	**7.20**	**14.8**	**Perform**	**106.51**	**17.16**	**148.4**	**(13.4)**	**(4.2)**	**9.2**	**(11.1)**	**(35.4)**	**16.1**	**59.0**	**1.93**	**6.47**	**12.80**	**0.94**

Source: FactSet, RODM Research

Mission NewEnergy Ltd
Income Statement (in A$MMs)

Rodman & Renshaw Equity Research	FY08 6/30/2008	FY09 6/30/2009	FY10 6/30/2010	6m 12/31/2010	3/31/2011	6/30/2011	FY11 E 6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	FY12 E 6/30/2012
sales revenue	9.4	43.4	14.4	4.8		2.6	7.3	22.7	34.2	34.2	22.7	113.8
other income	20.5	11.8	2.1	1.0			1.0					
Total Revenue	**29.9**	**55.2**	**16.5**	**5.7**	**-**	**2.6**	**8.3**	**22.7**	**34.2**	**34.2**	**22.7**	**113.8**
y-o-y %		84.3%	-70.2%				-49.4%					1267.4%
q-o-q %												
Cost of sales	**(11.0)**	**(45.7)**	**(15.0)**	**(4.7)**		**(2.2)**	**(7.0)**	**(19.0)**	**(28.5)**	**(28.5)**	**(19.0)**	**(95.0)**
% of revenue		82.8%	91.3%	82.4%		86.3%	83.6%	83.7%	83.4%	83.4%	83.7%	83.5%
y-o-y %		317%	-67%				-54%					1266%
q-o-q %												
Gross Profit	**19.0**	**9.5**	**1.4**	**1.0**	**-**	**0.4**	**1.4**	**3.7**	**5.7**	**5.7**	**3.7**	**18.7**
GM %	63.4%	17.2%	8.7%	17.6%		13.7%	16.4%	16.3%	16.6%	16.6%	16.3%	16.5%
y-o-y %		-50.1%	-84.8%				-5.1%					1272.7%
q-o-q %												
Employee benefits expense	(2.7)	(5.1)	(5.3)	(1.9)	(1.0)	(1.0)	(3.93)	(0.98)	(0.98)	(0.98)	(0.98)	(3.93)
Total Other Income (Expenses)	**(4.8)**	**(16.8)**	**(86.6)**	**(10.5)**	**(2.0)**	**(2.0)**	(14.5)	(3.00)	(3.00)	(3.00)	(3.00)	**(12.0)**
EBITDA	**11.5**	**(12.5)**	**(90.5)**	**(11.4)**	**(3.0)**	**(2.6)**	**(17.0)**	**(0.3)**	**1.7**	**1.7**	**(0.3)**	**2.8**
EBITDA Margin %	38.4%	-22.6%	-549.8%	-198.1%		-102.6%	-204.6%	-1.2%	4.9%	4.9%	-1.2%	2.5%
y-o-y %		-208.3%	626.9%				-81.2%					-116.5%
q-o-q %												
Impairment of loans and investments	(0.4)	-	-									
Depreciation and amortisation expenses	(0.8)	(2.5)	(2.1)									
Finance costs	(5.9)	(8.4)	(5.2)	(2.7)	(1.07)	(1.07)	(4.83)	(1.73)	(1.73)	(1.73)	(1.73)	(6.92)
Profit/(loss) from operations	**4.4**	**(23.3)**	**(97.8)**	**(14.1)**	**(4.1)**	**(3.7)**	**(21.9)**	**(2.0)**	**(0.0)**	**(0.0)**	**(2.0)**	**(4.1)**
Operating Margin %	14.8%	-42.3%	-594.0%	-245.1%		-144.0%	-262.6%	-8.8%	-0.1%	-0.1%	-8.8%	-3.6%
y-o-y %		-624.7%	319.2%				-77.6%					-81.2%
q-o-q %												
Income tax (expense) benefit	(0.2)	(0.4)	(0.0)	(0.00)	-	-	(0.00)	-	-	-	-	-
effective tax rate %	3.6%	-1.9%	0.0%	0.0%								
Net (loss)/profit	**4.3**	**(23.8)**	**(97.8)**	**(14.1)**	**(4.1)**	**(3.7)**	**(21.9)**	**(2.0)**	**(0.0)**	**(0.0)**	**(2.0)**	**(4.1)**
Net Margin %	14.3%	-43.1%	-594.2%	-245.1%		-144.0%	-262.7%	-8.8%	-0.1%	-0.1%	-8.8%	-3.6%
y-o-y %		-654.5%	311.7%				-77.7%					-81.2%
q-o-q %												
Profit/(Loss) attributable to minority equity interests	(0.1)	0.1	-									
Net (loss)/profit attributable to members of the parent entity	**4.2**	**(23.7)**	**(97.8)**	**(14.1)**	**(4.1)**	**(3.7)**	**(21.9)**	**(2.0)**	**(0.0)**	**(0.0)**	**(2.0)**	**(4.1)**
Net Margin %	14.0%	-42.9%	-594.2%	-245.1%		-144.0%	-262.7%	-8.8%	-0.1%	-0.1%	-8.8%	-3.6%
y-o-y %		-664.1%	313.4%				-77.7%					-81.2%
q-o-q %												
Pro-forma basic and diluted EPS	**2.263**	**(11.951)**	**(20.759)**	**(2.514)**	**(0.727)**	**(0.251)**	**(3.492)**	**(0.136)**	**(0.003)**	**(0.003)**	**(0.123)**	**(0.264)**
Pro-forma weighted average ordinary number of shares	1.9	2.0	4.7	5.6	5.6	14.8	8.7	14.8	15.3	15.8	16.3	15.5

Source: Company Filing, RODM Research

Mission NewEnergy Ltd
Balance Sheet (in A$MMs)

Rodman & Renshaw Equity Research	FY09 6/30/2009	FY10 6/30/2010
CURRENT ASSETS		
Cash and cash equivalents	16.2	17.2
Trade and other receivables	2.4	4.2
Biological assets	1.3	1.5
Inventories	4.2	1.7
Other financial assets	1.2	0.0
Other assets	0.8	0.5
Current tax assets	0.1	0.1
Total current assets	**26.4**	**25.0**
NON-CURRENT ASSETS		
Trade and other receivables	11.6	-
Other financial assets	0.1	-
Property, plant and equipment	78.9	7.5
Intangible assets	1.0	1.0
Deferred tax assets	-	-
Other assets	-	0.2
Total non-current assets	**91.7**	**8.7**
TOTAL ASSETS	**118.0**	**33.7**
CURRENT LIABILITIES		
Trade and other payables	8.9	3.6
Financial liabilities	0.6	0.6
Current tax liabilities	-	-
Short-term provisions	0.1	0.1
Total current liabilities	**9.6**	**4.3**
NON-CURRENT LIABILITIES		
Other payables	-	0.1
Financial liabilities	57.4	59.0
Deferred tax liabilities	0.0	-
Total non-current liabilities	**57.4**	**59.1**
TOTAL LIABILITIES	**67.0**	**63.4**
NET ASSET (DEFICIT)/SURPLUS	**51.0**	**(29.7)**
EQUITY		
Issued capital	61.1	76.6
Reserves	9.4	10.9
Retained earnings (Accumulated losses)	(19.5)	(117.3)
Minority Interests	0.0	0.0
Total Equity (Deficiency)	**51.0**	**(29.7)**
Total Liabilities and Equity	**118.0**	**33.7**

Source: Company Filing, RODM Research

Mission NewEnergy Ltd
Cash Flow Statement (in A$MMs)

Rodman & Renshaw Equity Research	FY08 6/30/2008	FY09 6/30/2009	FY10 6/30/2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	3.8	53.4	17.1
Payments to suppliers and employees	(17.7)	(61.6)	(21.3)
Interest received	0.3	0.7	0.2
Finance costs	(3.0)	(3.2)	(2.9)
Income tax paid	-	(0.2)	(0.0)
Net cash (used in) operating activities	**(16.5)**	**(10.9)**	**(6.9)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(35.8)	(14.1)	(7.5)
Payments for subsidiary (net of cash acquired)	(0.6)	-	-
Purchase of performance bond Investments	-	(1.3)	1.1
Receipt from investment in held to maturity investment and deposit	(0.9)	1.0	0.0
Net cash (used in) investing activities	**(37.3)**	**(14.4)**	**(6.4)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue (net of costs)	-	16.2	15.5
(Repayments)/proceeds from borrowings	7.3	(3.8)	(0.6)
Net cash provided by financing activities	**7.3**	**12.4**	**14.9**
NET INCREASE (DECREASE) IN CASH	**(46.6)**	**(12.9)**	**1.6**
Cash and cash equivalents at beginning of the financial year	78.8	24.7	16.2
Effects of exchange rate fluctuations	(7.5)	4.4	(0.7)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**24.7**	**16.2**	**17.2**

Source: Company Filing, RODM Research

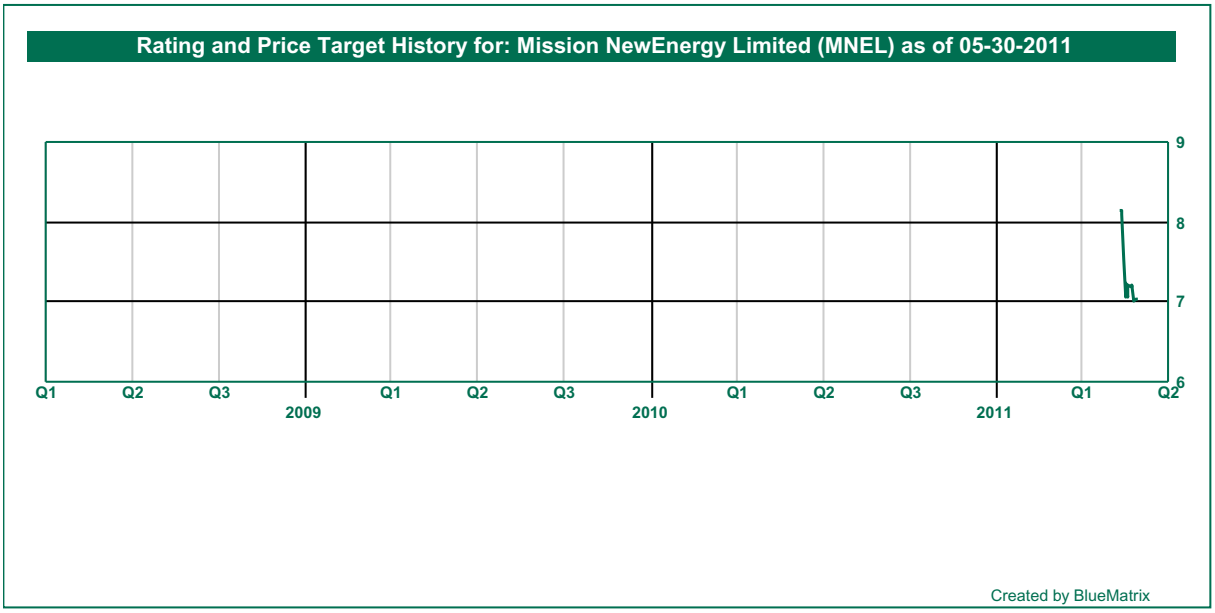
RODMAN & RENSHAW RATING SYSTEM: Rodman & Renshaw employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector, as defined by First Call. The price objective is calculated to estimate the potential movement in price a given equity could achieve given certain targets are met over a defined time horizon. Price objectives are subject to exogenous factors including industry events and market volatility. The risk assessment evaluates the company specific risk and accounts for the following factors, maturity of market, maturity of technology, maturity of firm, cash utilization, and valuation considerations. Potential factors contributing to risk: relatively undefined market, new technologies, immature firm, high cash burn rates, intrinsic value weighted toward future earnings or events.

RETURN ASSESSMENT

- Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Perform (Hold): The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Underperform (Sell): The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.

RISK ASSESSMENT

- Speculative - The common stock risk level is significantly greater than market risk. The stock price of these equities is exceptionally volatile.
- Aggressive - The common stock risk level is materially higher than market level risk. The stock price is typically more volatile than the general market.
- Moderate - The common stock is moderately risky, or equivalent to stock market risk. The stock price volatility is typically in-line with movements in the general market.



RATING SUMMARY

Distribution of Ratings Table

			IB Serv./Past 12 Mos	
Rating	**Count**	**Percent**	**Count**	**Percent**
Market Outperform(MO)	147	59.50%	38	25.85%
Market Perform(MP)	43	17.40%	5	11.63%
Market Underperform(MU)	8	3.20%	0	0.00%
Under Review(UR)	49	19.80%	12	24.49%
Total	247	100%	55	100%

Investment Banking Services include, but are not limited to, acting as a manager/co-manager in the underwriting or placement of securities, acting as financial advisor, and/or providing corporate finance or capital markets-related services to a company or one of its affiliates or subsidiaries within the past 12 months.

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As of Apr 30 2011 neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of Mission NewEnergy Limited.

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