

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

Application will be made for the Enlarged Share Capital of the Company to be admitted to trading on the AIM Market of the London Stock Exchange ("AIM"). **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not examined or approved the contents of this Document. The Enlarged Share Capital is not admitted to trading on any recognised investment exchange and apart from the application for Admission, no such other applications have been or are intended to be made. It is expected that admission to AIM will become effective and that dealings in the Enlarged Share Capital will commence on AIM on or around 18 March 2013.**

This Document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This Document does not constitute an offer to the public in accordance with the provisions of section 85 of FSMA and is not a prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly, this Document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Services Authority (the "FSA") pursuant to section 85 of FSMA and a copy has not been delivered to the FSA under regulation 3.2 of the Prospectus Rules.

The Directors, whose names appear on page 4 of this Document, accept full responsibility, collectively and individually, for the Company's compliance with the AIM Rules for Companies and the Company and the Directors accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

DEKELOIL PUBLIC LIMITED

(Incorporated and registered in Cyprus with registered number HE 210981)

Placing of 170,000,000 Ordinary Shares at 1 pence per share

Acquisition of Boletus Resources Limited

Admission of the Enlarged Share Capital to trading on AIM

Nominated Adviser

Beaumont Cornish Limited



Broker

Optiva Securities Limited



Ordinary share capital immediately following Admission

Authorised		Issued and fully paid	
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
1,796,851,797	€60,500	Ordinary Shares of €0.00003367 each	1,300,140,097 €43,775.72

The Enlarged Share Capital will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, Canada, Japan or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States, the Republic of South Africa, Australia, Canada, Japan or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of the Republic of South Africa, Australia, Canada, Japan or the Republic of Ireland or any person located in the United States. This Document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Document in certain jurisdictions may be restricted by law. In particular, this Document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, and in particular, should not be distributed to persons with addresses in the United States of America, the Republic of South Africa, Australia, Canada, Japan or the Republic of Ireland. No action has been taken by the Company or by Beaumont Cornish Limited that would permit an offer of any of the Ordinary Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Beaumont Cornish Limited is authorised and regulated in the United Kingdom by the FSA and is acting as Nominated Adviser for the purposes of the AIM Rules exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Beaumont Cornish Limited, or for advising any other person on the contents of this Document or any matter referred to herein. The responsibilities of Beaumont Cornish Limited, as Nominated Adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Shareholder or to any other subsequent purchaser of any of the Ordinary Shares and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Beaumont Cornish Limited as to, and no liability whatsoever is accepted by Beaumont Cornish Limited in respect of, any of the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued).

Optiva Securities Limited is authorised and regulated in the United Kingdom by the FSA and is acting as Broker for the purposes of the AIM Rules exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Optiva Securities Limited, or for advising any other person on the contents of this Document or any matter referred to herein. The responsibilities of Optiva Securities Limited, as Broker, are owed solely to the Company and not to any Shareholder or to any other subsequent purchaser of any of the Ordinary Shares and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Optiva Securities Limited as to, and no liability whatsoever is accepted by Optiva Securities Limited in respect of, any of the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued).

Copies of this Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Beaumont Cornish Limited, 2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ from the date of this Document and for a period of at least one month from Admission.

FORWARD LOOKING STATEMENTS

Certain statements in this Document are "Forward Looking statements." These Forward Looking statements are not based on historical facts but rather on management's expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such Forward Looking statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward Looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking statements including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes, the results of exploration and development drilling and related activities, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the Forward Looking statements contained in this Document are based upon what management believes to be reasonable assumptions the Company cannot assure investors that actual results will be consistent with these Forward Looking statements.

Prospective investors should read the whole of this Document. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this Document. Your attention is drawn to Part II of this Document which sets out certain risk factors relating to any investment in the Company. All statements regarding the Company's business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this Document.

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Part I of this Document contains cross-references to information contained in the Agronomist's Report set out at Part III of this Document. The Company confirms that the information contained in Part I which has been extracted from the Agronomist's Report has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the Agronomist's Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Agronomist has reviewed the information contained in this Document which relates to information contained in the Agronomist's Report and has confirmed in writing to the Company and Beaumont Cornish Limited that the information presented is accurate, balanced and complete and not inconsistent with the Agronomist's Report.

DIRECTORS, SECRETARY AND ADVISERS

Directors

Andrew James Tillery, *Non-Executive Chairman*
Youval Rasin, *Chief Executive Officer*
Yehoshua Shai Kol, CPA, MBA, *Chief Financial Officer*
Lincoln John Moore CA, *Executive Director*
Richard Kouassi Amon, *Non-Executive Director*

All of:
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Company Secretary

AbsoluteTrust Nominees Ltd
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Nicosia
Cyprus

Head Office and Registered Office

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Nicolas Court
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P.C. 3025
Limassol
Cyprus

London Address

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18-19 Pall Mall
London
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Israel Operating Office

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Herzliya 46485
Israel

Côte d'Ivoire Operating Office

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Abidjan
Cocody – Vallon
2 Plateaux
Côte d'Ivoire

Website

www.dekeloil.com

Nominated Adviser to the Company

Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London EC2M 2SJ
United Kingdom

Broker to the Company

Optiva Securities Limited
2 Mill Street
Mayfair
London W1S 2AT
United Kingdom

Solicitors to the Company as to English Law

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200 Strand
London WC2R 1DJ
United Kingdom

**Solicitors to the Company
as to Cyprus Law**

Michael Kyprianou & Co LLC

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Eagle Star House, 6th Floor
Limassol 3030
Cyprus

**Legal Counsel to Boletus
as to BVI law**

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London EC2R 7HF
United Kingdom

**Legal Counsel to the Company
as to Côte d'Ivoire law**

Bile-aka, Brizoua-bi & Associés

7, Boulevard Latrille
25 BP 945
Abidjan 25
Côte d'Ivoire

**Legal Counsel to the Company
as to Israeli law**

Meitar Liquornik Geva Lesham Tal Law Offices

16 Abba Hillel Rd.
Ramat Gan 5250608
Israel

**Solicitors to the Nominated
Adviser**

Orrick, Herrington & Sutcliffe (Europe) LLP

107 Cheapside
London EC2V 6DN
United Kingdom

Solicitors to Broker and Boletus

Adams & Remers LLP

Dukes Court
32 Duke Street
St James's
London SW1Y 6DF
United Kingdom

**Auditors and Reporting
Accountants**

**Kost Forer Gabbay & Kasierer
(a member of Ernst & Young Global)**

3 Aminadav St.
Tel-Aviv 67067
Israel

Agronomist

Bruce Crabb (Scottish Diploma in Agriculture (Aberdeen) and
Diploma in Estate Management (Malaysia))

Corrielea
Dinnet
Aboyne
Aberdeenshire AB34 5NX.

Principal Bankers

Hellenic Bank

Limassol International Business Center
131 Arch. Makarios III & Loanni Polemi
3rd and 4th floor
P.O. Box 51791
3508 Lemesos
Cyprus

Bankers for the Placing

Barclays Bank PLC

One Churchill Place
London E14 5HP
United Kingdom

Depositary

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Registrars

Cymain Registrars Ltd

26 Vyronos Avenue
1096 Nicosia
Cyprus

ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue prior to the Acquisition	1,015,715,097
Number of Consideration Shares to be issued and allotted pursuant to the Acquisition	100,000,000
Number of Placing Shares to be issued and allotted pursuant to the Placing	170,000,000
Number of Ordinary Shares in issue immediately following completion of the Acquisition, Placing and Admission*	1,300,140,097
Placing and Consideration Shares as a percentage of the Enlarged Share Capital	20.77 per cent.
Market capitalisation of the Company on Admission	approximately £13.0 million €14.95 million
Number of outstanding options and warrants over Ordinary Shares on Admission	60,698,604
Number of Ordinary Shares issued and to be issued, (on a fully diluted basis) on Admission	1,360,838,701
AIM symbol	DKL
International Security Identification Number ("ISIN")	CY0103462210
Website address	www.dekeloil.com
Conversion rates used in the Document (unless otherwise indicated) are set out as follows	£1 : €1.15 £1 : US\$1.49 €1 : 656FCFA

*Including the issue of the LM Shares and the St. Brides Media Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	12 March 2013
Admission of the Enlarged Share Capital and dealings expected to commence on AIM	18 March 2013
CREST accounts credited by	18 March 2013
Despatch of definitive certificates by	8 April 2013

Unless expressly stated otherwise, all future times and dates referred to in this Document are subject to change at the discretion of the Company and Beaumont Cornish Limited and shall be GMT.

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“Accounts Date”	30 June 2012
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Boletus pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 12 March 2013 between (1) Optiva, (2) Boletus, and (3) DekelOil, pursuant to which DekelOil has conditionally agreed to acquire the entire issued share capital of Boletus, a summary of the principal terms of which is set out in paragraph 16 of Part V of this Document
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“Agronomist”	Bruce Crabb, the author of the Agronomist’s Report
“Agronomist’s Report”	the report prepared by the Agronomist for the Company, Beaumont Cornish and Optiva on the Project, a copy of which is reproduced at Part III of this Document
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	together the AIM Rules for Companies, the AIM Rules for Nominated Advisers and the AIM Disciplinary Procedures and Appeals Handbook as published from time to time
“AIM Rules for Companies”	the rules and guidance notes for companies with a class of securities admitted to AIM issued by the London Stock Exchange as in force at the date of this Document
“AIM Rules for Nominated Advisers”	the rules for nominated advisers issued by the London Stock Exchange as in force at the date of this Document
“AIPH”	The Inter-Professional Association of the Oil-Palm Industry in Côte d’Ivoire
“Articles”	the Memorandum and articles of association of the Company from time to time, the details of which are set out at paragraph 4 of Part VI of this Document
“Ayenouan Agreements”	the agreements entered into between DekelOil Côte d’Ivoire and the Ayenouan Farmers, further details of which are set out at paragraph 43 of Part V of this Document
“Ayenouan Farmers”	the approximately 5,000 local small holding farmers who operate oil palm plantations in the Ayenouan region of Côte d’Ivoire and who have entered into the Ayenouan Agreements with the Company
“Ayenouan Project”	DekelOil Côte d’Ivoire’s activities in the Ayenouan region of Côte d’Ivoire, including but not limited to the development of the Mill, operations at the DekelOil Nursery and the harvesting and processing pursuant to the Ayenouan Agreements and Coopalen Supply Agreement

“Beaumont Cornish”	Beaumont Cornish Limited of 2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ, the Company’s Nominated Adviser, authorised and regulated by the FSA
“BIDC” or “EBID”	ECOWAS Bank for Investment and Development (EBID) or, in French, Bank d’Investissement et de Development de la CEDEAO (BIDC) based in Togo
“BIDC Facility”	the FCFA 4,886,879,700 (approximately €7,450,000) facility granted to DekelOil Côte d’Ivoire by BIDC, the details of which are set out at paragraph 26 of Part V of this Document
“Biopalm Energy”	Biopalm Energy Limited, a company incorporated in Singapore with company registration number 201007394Z, being a wholly owned subsidiary of Geoff Palm Ltd and a part of the Siva Group
“BOAD”	West African Development Bank or, in French, Banque Ouest Africaine de Développement
“BOAD Facility”	the FCFA 4,500,000,000 (approximately €6,860,000) facility granted to DekelOil Côte d’Ivoire by BOAD, the details of which are set out at paragraph 25 of Part V of this Document
“Boilermech”	Boilermech SDN BHD, a wholly owned subsidiary of Boilermech Holdings BHD, leading manufacturer of boilers for the palm oil industry
“Boilermech Supply Agreement”	the contract dated 22 January 2011, as amended by a letter of amendment dated 3 July 2012, between DekelOil Côte d’Ivoire and Boilermech pursuant to which Boilermech is to design, manufacture and install on the Mill Site certain steam generating equipment (i.e. a boiler), the details of which are set out in paragraph 20 of Part V of this Document
“Board” or “Board of Directors”	the board of directors of the Company
“Boletus”	Boletus Resources Limited, a company incorporated in the BVI with company registration number 1701320
“Boletus Cash”	the gross amount of £582,500 raised by Optiva in 2012 before the payment of certain fees and expenses and before the advance of the Boletus Loan
“Boletus Directors”	Jeremy King and Christian Dennis
“Boletus Loan”	the loan of £300,000 granted to the Company by Boletus under the terms of the Boletus Loan Agreement
“Boletus Loan Agreement”	the agreement dated 4 March 2013 entered into between Boletus and the Company in relation to the Boletus Loan, further details of which are set out at paragraph 7 of Part V of this Document
“Business Day”	any day other than a Saturday, or Sunday or a public holiday on which banks are open for business in the City of London
“Business Strategy”	the business strategy of the Group further details of which are set out at paragraph 5 of Part 1 of this Document
“BVI”	the British Virgin Islands

“Capital Notes”	together the Subordinated Loan Notes 2008, the Subordinated Loan Notes 2009 and the Subordinated Loan Notes 2010 aggregating €4,160,000 of which €2,570,000 remain outstanding
“CI Opinion”	the legal opinion received by the Company and Beaumont Cornish dated 12 March 2013 from Bile-aka, Brizoua-bi & Associés, the Company’s legal counsel in Côte d’Ivoire
“CIF”	Cost, Insurance and Freight, an Incoterm 2010 governing the carriage of shipping and freight
“CIF Rotterdam Crude Palm Oil Price”	the market price for Crude Palm Oil based on the CIF price to Rotterdam
“City Code”	the City Code on Takeovers and Mergers
“Civil Works Agreement”	the agreement entered into between DekelOil Côte d’Ivoire and Ivoire Ingenierie in relation to the civil and concrete works to be carried out at the Mill Site, further details of which are set out at paragraph 24 of Part V of this Document
“Company” or “DekelOil”	DekelOil Public Limited, a public limited company incorporated and registered in Cyprus with company number HE 210981
“Company Estate Leases”	the agreements entered into between DekelOil Côte d’Ivoire and approximately 176 small holders in the Ayenouan region of Côte d’Ivoire comprising the Company Estates, further details of which are set out at paragraph 45 of Part V of this Document
“Company Estates”	an aggregate area of approximately 2,363 ha upon which DekelOil Côte d’Ivoire is developing the Group-owned oil palm plantations
“Connected Person”	so far as could be known from reasonable investigation, a person connected with an individual or company within the meaning of sections 252 to 255 of the UK Companies Act 2006
“Consideration Shares”	100,000,000 new Ordinary Shares to be issued fully paid to the Vendors or their nominees pursuant to the Acquisition Agreement
“Coopalen Cooperative”	the Coopalen Cooperative, comprising small holder oil palm farmers based in the Aboisso region of Côte d’Ivoire managing approximately 10,000 ha of mature oil palm plantations
“Coopalen Supply Agreement”	the agreement entered into between DekelOil Côte d’Ivoire and the Coopalen Cooperative (acting on behalf of their members) setting out the terms on which the Coopalen Cooperative will supply FFB to DekelOil Côte d’Ivoire, details of which are set out at paragraph 44 of Part V of this Document
“Cooperatives”	together, the Palm-Ehania Cooperative, Cooptosa Cooperative and Coopplato Cooperative
“Cooperative Agreements”	each of the agreements between DekelOil Côte d’Ivoire and the Cooperatives with regards to the supply of FFB by the Ayenouan Farmers to the Mill pursuant to the Ayenouan Agreements
“Côte d’Ivoire”	Côte d’Ivoire or Ivory Coast (officially République de Côte d’Ivoire), a country in West Africa
“CPO” or “Crude Palm Oil”	the oil produced from the palm fruit in its natural state

“CREST”	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended
“CSDS”	CS DekelOil Siva Ltd (Cyprus), a company incorporated in Cyprus with company registration number HE241348 (formerly Bertoldo Limited)
“Custodian”	Computershare Company Nominees Ltd
“Cypriot Opinion”	the legal opinion received by the Company and Beaumont Cornish dated 12 March 2013 from Michael Kyprianou & Co LLC, the Company’s legal counsel in Cyprus
“Cyprus”	the Republic of Cyprus
“Cyprus Companies Law”	the Cyprus Companies Law, Cap.113 (as amended)
“DekelOil Consulting”	DekelOil Consulting Ltd., a company incorporated in Israel with company registration number 514089374
“DekelOil Côte d’Ivoire”	DekelOil Côte d’Ivoire SA, a societe anonyme duly incorporated in Côte d’Ivoire on 10 March 2008 with company registration number CI-ABJ-2008-B1531
“DekelOil Nursery”	the crop nursery developed by DekelOil Côte d’Ivoire on the Mill Site, details of which are set out at paragraph 2.2 of Part I of this Document
“Depository”	Computershare Investor Services PLC
“Depository Interests” or “DIs”	the interests representing Ordinary Shares issued through the Depository, further information on which is contained in paragraph 9.2 of Part VI of this Document
“Development Loans”	together, the BIDC Facility and the BOAD Facility
“Diamond Bank”	Diamond Bank Côte d’Ivoire being a branch of Diamond Bank Benin SA with its address at the corner of Avenue Terrason de Fougères and Street Courgas, Abidjan Plateau, 01 BP 11920 Abidjan 01
“Diamond Bank Facility”	the FCFA 872,000,000 (approximately €1.3 million) facility granted to DekelOil Côte d’Ivoire by Diamond Bank for the partial financing of transport equipment, details of which are set out at paragraph 32 of Part V of this Document
“Diamond Bank Overdraft”	the FCFA 3,500,000,000 (approximately €5.3 million) overdraft facility granted to DekelOil Côte d’Ivoire by Diamond Bank for working capital purposes, details of which are set out at paragraph 33 of Part V of this Document
“Directors”	the Directors of the Company on Admission, whose names are set out on page 4 of this Document
“Document”	this Document, comprising an AIM admission document
“Earth Works Agreement”	an agreement dated 16 August 2011 between the Company and Chantier SRL, a local contractor for providing the preliminary

	earthwork required for the construction of the road leading to the Mill and preparation of the land required for the construction of the Mill, further details of which are set out at paragraph 22 of Part V of this Document
“EFB”	empty fruit bunches (the bunches of the oil palm plants once the oil palm fruits have been removed from them)
“Effluent Treatment Facility”	a facility which will treat the waste water from the Mill so that the final discharge complies with international environmental standards and which treated discharge will be used for irrigation of the Group’s oil palm plantations. Further details of the Effluent Treatment Facility are set out at paragraph 2.1 of Part I of this Document
“Enlarged Group”	the Company and its subsidiary undertakings as at the date of Admission, being Boletus Resources Limited, CS DekelOil Siva Limited, DekelOil Consulting Limited and DekelOil Côte d’Ivoire Limited, details of which are set out at paragraph 2.11 of Part VI of this Document
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission
“ESIA”	the Environmental Social Impact Assessment
“Euro”, “€uro”, “EUR€” or “€”	the single legal currency of the Eurozone countries
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
“Existing Ordinary Shares”	1,015,715,097 Ordinary Shares in issue as at the date of this Document, being the entire issued share capital of the Company
“FFB”	fresh fruit bunches
“Fr CFA” or “FCFA”	the West African CFA Franc, a currency used in Côte d’Ivoire which is guaranteed by the French treasury and has a fixed exchange rate of Euro 1.00 = Fr CFA 655.957
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fundraising Proceeds”	£1.7 million (approximately €1.955 million), representing the Placing Proceeds plus £0.58 million (approximately €0.67 million) representing the Boletus Cash, totalling £2.28 million (approximately €2.865 million)
“Group”	the Company and its subsidiary undertakings at the date of this Document
“Guity”	a town in Guity county, located 160 km North West of Abidjan, Côte d’Ivoire
“Guity Land”	the approximately 24,000 ha of land owned by the Olaye and Allale families in the Village of Tiegba in the Guity region of Côte d’Ivoire which is the subject of the Guity Land Agreement

“Guitry Land Agreement”	the agreement dated 29 April 2011 entered into between IVAD and DekelOil Côte d’Ivoire for the development of the Guitry Land, details of which are set out at paragraph 47 of Part V of this Document
“Guitry Lessors”	the Olaye and Allale families in the Village of Tiegba in the Guitry region of Côte d’Ivoire
“Guitry Project”	means the development of the Guitry Land by the Group under the terms of the Guitry Land Agreement, details of which are set out at paragraph 2.6 of Part I of this Document
“Investment Approval”	investment approval order n°959/MIPSP/MEF received by DekelOil Côte d’Ivoire on 3 March 2010 (and as amended by Ministerial Order no. 1059 MEMIIMEF dated 6 June 2012) from the Minister of Finance of the Republic of Côte d’Ivoire further details of which are set out at paragraph 8.1 of Part I of this Document
“IVAD”	Ivoire Agro Development being a limited liability company with its registered offices in Abidjan, Côte d’Ivoire
“Ivoire Ingenierie”	La Société Ivoire Ingenierie being a société anonyme incorporated in Côte d’Ivoire with its place of business in Abidjan, Côte d’Ivoire
“LM Consulting Agreement”	a consulting agreement dated November 2011 (as amended by agreement dated 18 December 2012) between the Company and Lincoln Moore (a director of the Company) further details of which are set out at paragraph 8.3 of Part VI of this Document
“LM Shares”	13,675,000 Ordinary Shares, to be issued to the Serena Trust (a trust of which Lincoln Moore is a beneficiary) as fully paid shares pursuant to the LM Consulting Agreement
“Lock-in Agreement”	the lock-in and orderly market agreement agreed by the Directors and other Shareholders (conditional on Admission) with the Company, Beaumont Cornish and Optiva, further details of which are set out at paragraph 22 of Part I and paragraph 12 of Part V of this Document
“London Stock Exchange”	London Stock Exchange plc
“Memorandum”	the Memorandum of Association of the Company
“Mill”	the 60 tn per hour CPO extraction Mill, which arrived in Côte d’Ivoire in March 2013 and is expected to commence operations by the end of 2013, further details of which are set out at paragraph 2.1 of Part I of this Document. For the avoidance of doubt, the completed Mill incorporates the boiler manufactured by Boilermech and delivered to Côte d’Ivoire with the Mill pursuant to the Boilermech Supply Agreement
“Mill Coordination Agreement”	the contract dated 22 January 2011 between DekelOil Côte d’Ivoire, Modipalm and Boilermech pursuant to which the parties set out their respective obligations in relation to the Mill Project, and coordinated performance of the obligations under the Modipalm Construction Agreement and the Boilermech Supply Agreement, further details of which are set out in paragraph 21 of Part V of this Document

“Mill Project”	means, together, the construction by the Group of the Mill and installation of the Effluent Treatment Facility
“Mill Site”	the 42 ha of land in the region of Ayenouan upon which DekelOil Côte d’Ivoire has developed the DekelOil Nursery and has contracted with Modipalm and Boilermech to construct the Mill, further details of which are set out at paragraph 39 of Part V and also paragraph 2.2 of Part I of this Document
“Modipalm”	Modipalm Engineering SDN BHD, a leading Malaysian engineering company
“Modipalm Construction Agreement”	the contract dated 19 January 2011 between DekelOil Côte d’Ivoire and Modipalm pursuant to which Modipalm is to engineer, manufacture, deliver and install the Mill set out in paragraph 19 of Part V of this Document
“Optiva”	Optiva Securities Limited, broker to the Company, authorised and regulated by the FSA
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of €0.00003367 each in the capital of the Company
“Palm Oil”	an edible vegetable oil derived from the pulp of the fresh fruit bunches (FFB) of the oil palm tree
“Placees”	the private and institutional investors who subscribed for the Placing Shares at the Placing Price under the Placing
“Placing”	the placing of 170,000,000 Ordinary Shares at the Placing Price conditional on Admission
“Placing Price”	1 pence per Ordinary Share
“Placing Proceeds”	the gross placing proceeds, of £1.7 million (approximately €1.955 million) being the aggregate of the number of the Placing Shares multiplied by the Placing Price
“Placing Shares”	170,000,000 Ordinary Shares issued to the Placees pursuant to the Placing
“POME”	Palm Oil Mill Effluent
“Project”	together, the Ayenouan Project, development of the Company Estates, and the Guitry Project, comprising all of the Company’s current material assets in Côte d’Ivoire
“Prospectus Rules”	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No 809/2004 and published by the FSA pursuant to section 73A of FSMA
“PR Consultancy Agreement”	the agreement dated 20 November 2012 entered into between the Company and St Brides further details of which are set out at paragraph 6 of Part V of this Document
“Purchase Price”	1 pence per share being the implied price at which the Consideration Shares will be issued as per the terms of the Acquisition Agreement

“Registrar”	Cymain Registrars Ltd., a company incorporated in Cyprus with registration number HE174490
“RSPO”	Round-Table for Sustainable Palm Oil, an international multi-stakeholder organisation and certification scheme for sustainable palm oil
“Shareholder”	a holder of Ordinary Shares
“Siva 2013 Investment”	the up to €3 million investment to be made by Biopalm Energy in CSDS pursuant to the Siva Undertaking, further details of which are set out at paragraph 4 of Part V of this Document
“Siva Capital Note”	the capital note granted to Biopalm Energy in 22 June 2010 pursuant to which Biopalm Energy advanced €3.3 million to CSDS to fund the development of the Project, further details of which are set out at paragraph 17 of Part V of this Document
“Siva Facility”	the €2,000,000 loan facility granted to the Company under the Siva Facility Agreement
“Siva Facility Agreement”	a facility agreement dated 22 February 2012 between the Company, Biopalm Energy and CSDS under the terms of which Biopalm Energy agreed to provide a loan facility to the Company for up to €2,000,000, further details of which are set out at paragraph 3 of Part V of this Document
“Siva Group”	Biopalm Energy and companies promoted by Mr. Chinnakannan Sivasankaran are collectively identified herein as the Siva Group. The Siva Group was founded in 1986 by Mr Chinnakannan Sivasankaran and is a privately owned conglomerate with diverse interests
“Siva Investment”	the investment by the Siva Group through Biopalm Energy on 22 June 2010 of €8.3 million (including by way of the Siva Capital Note) in CSDS by way of subscription for 49 per cent. of CSDS, pursuant to the Siva Investment Agreement, further details of which are set out at paragraph 2 of Part V of this Document
“Siva Investment Agreement”	the investment agreement between the Company and Biopalm Energy in relation to their shareholdings in CSDS setting out the rights and obligations of each party and how the business and affairs of CSDS shall be conducted, further details of which are set out at paragraph 2 of Part V of this Document
“Siva Undertaking”	the letter of undertaking dated 17 February 2013 entered into between the Company, CSDS and Biopalm Energy, further details of which are set out at paragraph 4 of Part V of this Document
“Smallholder Land”	an aggregate area of approximately 17,000 ha owned by the Ayenouan Farmers and subject of the Ayenouan Agreements
“St Brides Media”	St Brides Media & Finance Ltd
“St Brides Media Shares”	750,000 Ordinary Shares in an aggregate amount of £7,500 at the Placing Price pursuant to the PR Consultancy Agreement
“Sterling” or “£”	the legal currency of the UK

“Subordinated Loan Notes 2008”	the loan notes issued by the Company in the aggregate amount of €3,500,000, of which €2,570,000 remain outstanding at the date of this Document. Further details of the Subordinated Loan Notes 2008 are set out at paragraph 1 of Part V of this Document
“Subordinated Loan Notes 2009”	the loan notes issued by the Company in the aggregate amount of €610,000, subsequently converted into Ordinary Shares
“Subordinated Loan Notes 2010”	the loan notes issued by the Company in the aggregate amount of €81,000, subsequently converted into Ordinary Shares
“Takeover Code”	the City Code on Takeovers and Mergers, as updated from time to time
“Takeover Panel”	The Panel on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code on corporate governance published in September 2012 by the Financial Reporting Council
“UKLA”	the United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“US\$”	the United States currency unit
“VAT”	value added tax in each jurisdiction as appropriate
“Vendors”	Jarvis Investment Management Limited and WB Nominees Limited which, together, are the registered and legal holders of the entire issued share capital of Boletus and who hold such interest on trust for certain advisory clients of Optiva
“Zone A”	the land surrounding Ayenouan
“Zone B”	the land surrounding Guitry

GLOSSARY OF TECHNICAL TERMS

The following technical terms are used in this Document. Grammatical variations of these terms should be interpreted in the same way.

“Atm”	atmospheres
“Bruce Crabb”	tropical agronomist and author of the agronomist’s report
“C”	degree celsius
“co-operative”	organisation representing a specific group of small holders
“CPO”	crude palm oil
“cu.m”	cubic metre
“EFB”	empty fruit bunch
“ERP”	enterprise risk planning
“FFA”	free fatty acids
“FFB”	fresh fruit bunch(es)
“ha”	hectare
“hr”	hour
“Kg”	kilogramme
“Km”	kilometre
“Lalang”	common weed found in agriculture
“mm”	millimetre
“New Mill” or “Mill”	60 tn/hr Palm Oil Mill under construction
“Palm Nursery”	the palm plant nursery established by the Company
“Progenies”	palm oil seed offspring
“Pueraria javanica”	a cover crop used to maintain moisture and provide nitrogen to oil palm estates
“small holder”	palm oil plantation farmer
“sq.m”	square metre
“t”, “tn” or “ton”	tonne

PART I

INFORMATION ON THE COMPANY

1. Overview

1.1 Background

DekelOil Public Limited (the “Company”) is a Cyprus based holding company which indirectly owns 51 per cent. of and is the operator of DekelOil Côte d’Ivoire SA (“DekelOil Côte d’Ivoire”), an oil palm development company established in the Republic of Côte d’Ivoire.

Palm Oil is the most commonly consumed vegetable oil in the world. It is used in a number of industrial processes and a wide variety of food and other household products. The demand for Palm Oil has continued to rise over recent years and it is an important global commodity.

The Company was registered on 24 October 2007. Mr Youval Rasin has been active in Côte d’Ivoire since 2002 alongside a group of private investors and he founded the Company with the objective of building a West African focused palm oil company which could address a lack of Palm Oil processing capacity in the region of Ayenouan (approximately 100km East of the port city of Abidjan, the largest city in Côte D’Ivoire).

To achieve this, the Company, in conjunction with its 49 per cent. joint venture partner the Siva Group, a significant operator of West African palm oil projects, is currently constructing a 60 tn per hour FFB extraction mill to process palm oil produced from estates managed by local co-operatives and owned by Ayenouan Farmers in the region. Once operations commence, which is expected to be by the end of 2013, the Mill will have a capacity to process 330,000 tn of fruit and produce up to 70,000 tn of CPO per annum. Initial feedstock for the Mill will be provided from long term contracts secured with smallholders covering approximately 27,000 hectares. In the medium term further feedstock will be derived from the Company’s owned plantations, including 1,886 hectares already planted.

The Company has acquired Boletus, an unquoted investing company which together with the Placing Proceeds will provide the Company with funds to invest into the operating company, to be matched by the Siva Group, as more fully described below.

1.2 Key Assets

The Group spent two years following the Company’s incorporation assessing small holder estates in the Ayenouan region of Côte d’Ivoire. This culminated in separate contracts being agreed for the supply of fresh fruit bunches from approximately 17,000 hectares of oil palm plantations owned by approximately 5,000 small holders (the “Ayenouan Farmers”), and supply arrangements with the Coopalen Cooperative in relation to a further 10,000 ha (approximately) of oil palm plantations. The combined supply contracts are designed to provide the raw product (“Fresh Fruit Bunch” or “FFB”) to a proposed 60 tn per hour CPO extraction mill currently being constructed by the Company (the “Mill”).

In addition to construction of the Mill, the Ayenouan Agreements and the Coopalen Supply Agreement, the Company has also:

- established nursery operations in Ayenouan with capacity to produce approximately one million oil palm plants per annum;
- planted 1,886 ha of the Company Estates in the region of Bonua and Aboisso in Côte D’Ivoire; and
- signed a contract to exploit, subject to additional funding, the Guitry Land (the “Guitry Land Agreement”).

Further details regarding the assets of the Company are set out at paragraph 2 below.

1.3 Business Strategy

The Directors believe that following construction of the Mill, the combination of the assets set out at 1.2 above gives the Group a platform to deliver early stage production and cash flow. Free cashflow will be available to develop the Group’s own company estates. Ultimately, the Company aims to become a major oil palm production company in the West African region.

1.4 Funding Arrangements

As at the date of this Document, the Company has invested approximately €4.2 million in the Project. This funding was available to the Company following the advance of the Capital Notes. Following a general meeting of the Company on 20 February 2013, part of the Capital Notes representing €1,591,000 was converted to equity and warrants for shares in the Company. Following this, at the date of the Document, €2,570,000 remains outstanding under the Capital Notes, being the Subordinated Loan Notes 2008, further details of which are set out at paragraph 1 of Part V of this Document.

A further €8.3 million (approximately) was invested in the Project in June 2010 by the Siva Group in the form of the Siva Investment (which included the €3.3 million Siva Capital Note) following which the Siva Group owns 49 per cent. of CSDS (and accordingly 49 per cent. of the Project). Further details of the Siva Investment are set out in paragraph 2 of Part V of this Document.

The Siva Group is a global conglomerate, with operations in, amongst others, renewable energy, shipping and logistics, commodities trading and agriculture. Since entering the oil palm sector, the Siva Group, through Biopalm Energy, has made investment commitments of approximately \$200 million in the palm oil industry across West Africa, Indonesia and Papua New Guinea.

In 2011 the Group (through DekelOil Côte d'Ivoire) also secured:

- loans and facility agreements for FCFA 9,387,000,000 (equivalent to €14.3 million) from two development banks in West Africa (further details of the BDC Facility and the BOAD Facility are set out at paragraphs 25 and 26 of Part V of this Document); and
- a bank facility (the “Diamond Bank Facility”) and an overdraft (the “Diamond Bank Overdraft”) for, in aggregate, FCFA 4,372,000,000 (equivalent to €6.66 million) to be utilised for the partial financing of transport equipment and, when the Mill is operational, for working capital purposes (further details regarding the Diamond Bank Facility and the Diamond Bank Overdraft are set out at paragraphs 32 and 33, respectively, of Part V of this Document).

Investors should note that the Group has granted certain security in the form of pledges and liens over its assets, insurances and future stock to the Development Banks, La Loyale and Diamond Bank. Further details of these are set out in paragraphs 27 to 31 and 34 to 36 of Part V of this Document.

On 4 March 2013 the Company entered into the Boletus Loan Agreement under the terms of which Boletus granted the Company an unsecured short term loan of £300,000 (the “Boletus Loan”). Further details regarding the Group’s existing debt (and corresponding security arrangements), as well as historic equity financing by the Company and the Siva Investment, are set out at paragraph 4.2 of this Part I.

On (and subject to) Admission, the Company shall have completed the Acquisition of Boletus, an unquoted investing company (financial information on which is set out in Part C of Part IV of this Document) with the Boletus Cash available to fund certain agreed Admission expenses and the balance available to the Company to fund, in part, its working capital requirements. As consideration for the Acquisition, the Company will issue to the Vendors the Consideration Shares, comprising 7.69 per cent. of the Enlarged Share Capital, at an implied aggregate cost of £1 million (based on the Placing Price). Further details of the Boletus Loan and the Acquisition Agreement are set out in paragraph 10 of Part I and paragraphs 7 and 16 of Part V of this Document. On Admission, the Boletus Loan will become an intra-Group loan and to the extent not drawn down will be used for the working capital requirements of the Group.

In addition, the Company has raised approximately £1.7 million (approximately €1.955 million) before expenses in the Placing. In aggregate the Company will issue 170,000,000 new Ordinary Shares (the “Placing Shares”) at a price of £0.01 (the “Placing Price”). The net Fundraising Proceeds, amounting to approximately £1.795 million (approximately €2.06 million) will be used to fund the balance of costs in relation to construction of the Mill, and provide finance for the continued planting programme at the Company Estates as well as providing general working capital to the Group.

In addition, Biopalm Energy has agreed, pursuant to the Siva Undertaking, to match *pro rata*, any subscription for shares in CSDS by the Company (up to €3 million) prior to 30 April 2013. Further details of the Siva Undertaking are set out at paragraph 4 of Part V of this Document.

Further information on the Project, the Mill and the Company's business strategy are set out in this Part I and in the Agronomist's Report at Part III of this Document.

2. The Ayenouan Project and the Guitry Project

2.1 The Mill

On 1 October 2008, DekelOil Côte d'Ivoire signed a 90 year lease for 42 ha of land situated in Ayenouan. It was agreed that this land would be used to build a palm oil processing plant and staff accommodation and to develop a crop nursery.

On 19 January 2011, DekelOil Côte d'Ivoire signed the Modipalm Construction Agreement pursuant to which Modipalm, a leading Malaysian manufacturer of palm oil mills, has contracted to supply, build, deliver and install an operational 60 tn per hour CPO extraction mill on the Mill Site.

On 22 January 2011, DekelOil Côte d'Ivoire signed the Boilermech Supply Agreement with Boilermech, a leading Malaysian manufacturer of boilers, for the supply of a steam boiler to the Mill.

Both Modipalm and Boilermech are working on a "turn-key" basis. Excluding civil works, which were contracted to a local construction company under Modipalm supervision, the Modipalm Construction Agreement and Boilermech Supply Agreement require the parties to deliver a fully operational mill to the Company. The Mill, which arrived in Côte d'Ivoire in March 2013, is delivered in modular form for assembly on foundations laid and agreed by the construction teams.

Further details regarding the Modipalm Construction Agreement and the Boilermech Supply Agreement are set out at paragraphs 19 and 20, respectively, of Part V of this Document.

On 16 August 2011, DekelOil Côte d'Ivoire signed the Earth Works Agreement, pursuant to which earth works on the Mill Site, and construction of the access road to the Mill Site were commissioned. These works were completed in mid-2012. In June 2012, DekelOil Côte d'Ivoire signed the Civil Work Agreement, pursuant to which the foundations, concrete works and other civil works will be performed. The civil works at the Mill Site are currently being performed under the supervision of Modipalm. The foundations and concrete works are scheduled for completion on or around the arrival of the Mill equipment at the Mill Site. A summary of the Earth Works Agreement and the Civil Works Agreement is set out at paragraphs 22 and 24, respectively, of Part V of this Document.

As a recommendation of the ESIA, completed in 2008, concurrent with the construction of the Mill, it was proposed that DekelOil Côte d'Ivoire construct an effluent treatment facility to clean and treat waste water produced by the Mill in the palm oil production process ("Effluent Treatment Facility"). Furthermore, as a condition of the Environmental Consent (issued by the Minister of the Environment of the Republic of Côte d'Ivoire in September 2012), DekelOil Côte d'Ivoire was required to commit to complete construction of the Effluent Treatment Facility in accordance with the ESIA. It is also a condition of the Development Loans that DekelOil Côte d'Ivoire comply with the recommendations set out in the ESIA.

The Group is currently conducting a tender process for the supply and construction of the Effluent Treatment Facility. The Directors expect that the tender process will be completed and the Group will have binding agreements with a suitably qualified and experienced contractor for work to start on the Effluent Treatment Facility not later than April 2013. The above steps are in accordance with the ESIA and DekelOil Côte d'Ivoire's commitment to the Minister of the Environment of the Republic of Côte d'Ivoire, and obligations under the Development Loans. Finance for construction of the Effluent Treatment Facility is provided for in the schedule of works agreed in relation to the Development Loans. During the period between the Mill becoming operational and the completion of the Effluent Treatment Facility (estimated at two months), effluents produced by the Mill shall be stored in a contained pool at the Mill Site before treatment. Further details of the Effluent Treatment Facility and the environmental safeguards to be implemented by the Group are set out at paragraph 12 below.

Based on current projections and following consultation with both Modipalm and Boilermech, the Company expects completion of the Mill Project by the end of 2013. The Côte d'Ivoire environmental authorities will conduct a site inspection 6 months after the Mill becomes operational at which it is

anticipated DekelOil Côte d'Ivoire's compliance with its environmental obligations will be reviewed. The Group and the Directors are committed to full compliance with the recommendations set out in the ESIA.

The Company anticipates that initial capacity for the Mill in its first full year following completion (2014) will be 40,000 - 50,000 tn of crude palm oil ("CPO") per annum, and that at full capacity the Mill will be capable of producing approximately 70,000 tn of CPO per annum.

Once operational, the Mill will have two lines of 30 tn per hour FFB processing capacity each and it is anticipated by the Company that the Mill will operate on a 24 hours a day basis for approximately 4 months of the year and on an average of approximately 10 hours a day for the other approximately 8 months of the year. The two lines of the Mill will allow the Mill to continue operations on one line while the other is being serviced.

The total budget for the Mill Project is approximately €15.5 million, of which the Group has secured financing of €14.3 million from the Development Banks (paragraph 4.2 below contains a summary of the finance arrangements). The remaining balance of the cost is to be funded from the Fundraising Proceeds.

2.2 Nursery Overview

The DekelOil Nursery is located on a 15 ha area at the Mill Site. The Mill Site is located near the Ayenouan village in Côte d'Ivoire and DekelOil Côte d'Ivoire has been granted the right to construct and operate the Mill and develop the DekelOil Nursery on it. The DekelOil Nursery was established by the Group to incubate and produce the plants necessary for the Group to conduct the field planting in relation to the Company Estates and such other areas as the Group may determine as being appropriate from time to time.

The DekelOil Nursery produced 375,000 plants in 2012 but has been designed to produce up to one million plants per year in two cycles, which would create the capacity to plant 6,000 hectares per year. Subject to funding, and as required, the capacity and footprint of the DekelOil Nursery can be increased.

The DekelOil Nursery operates with a computerised drip irrigation system allowing the delivery of accurate water and fertiliser requirements to each individual plant. Each plant is held in black poly bags containing a substrate of finely chopped coconut fibre and good quality organic compost to enhance root development. The outcome of this process is that the plants are ready for planting in a shorter period of time than would be the case using traditional methods.

The DekelOil Nursery has been operating for four years, and has produced approximately 775,000 plants in the last two years. In particular, the DekelOil Nursery has provided the plants used by the Group in the planting of the Company Estates, as detailed at paragraph 2.5 below.

2.3 Ayenouan Farmer Estates

During 2008 and 2009 DekelOil Côte d'Ivoire entered into approximately 5,000 Ayenouan Agreements with the Ayenouan Farmers covering approximately 17,000 hectares of existing oil palm plantations in the Ayenouan region.

Under the Ayenouan Agreements, DekelOil Côte d'Ivoire has agreed to acquire, and the Ayenouan Farmers have agreed to sell, the FFB produced by the Ayenouan Farmers. DekelOil Côte d'Ivoire is also responsible for transportation of the FFB from the respective plantations to the Mill and has agreed to pay the AIPH published price of the FFB (subject to any adjustment to reflect crop quality) to the Ayenouan Farmer. In addition, it has been agreed that the Company will share in the net operating agricultural profits (after deducting harvesting, agricultural and other such costs) generated from the sale of FFB from the Smallholder Land at the AIPH price. The Group does not, however, until such time as it has invested in the relevant land, intend to share in the net operating agricultural profits from the Smallholder Land.

Under the Ayenouan Agreements, subject to the satisfaction of relevant conditions, each of the Ayenouan Farmers is required to execute a formal lease agreement in favour of DekelOil Côte d'Ivoire. Prior to execution of the lease, it is a condition of the relevant Cooperative Agreement that each Ayenouan Farmer is required to obtain a land certificate in relation to their respective parcel of land. As at the date of this Document no Ayenouan Farmer has obtained their respective land certificates, and as such no leases have been granted to DekelOil Côte d'Ivoire in respect of the Smallholder Land. The Company's intention, for the time being, is to operate under the current supply arrangements set out in the Ayenouan Agreements

but eventually progress to entering into lease arrangements over a period of time.

All the lease agreements to be concluded with the Ayenouan Farmers shall be in a form agreed with the respective three Cooperatives (to which each Ayenouan Farmer has irrevocably agreed in writing) as set out in the relevant Cooperative Agreement.

Further details regarding the Ayenouan Agreements and the Cooperative Agreements, including in particular details of the profit share arrangements with the Ayenouan Farmers and other financial commitments to the Cooperatives, are set out at paragraphs 40 to 43 of Part V of this Document.

2.4 Coopalen Supply Agreement

In addition, DekelOil Côte d'Ivoire has executed a conditional sale contract with La Coopérative Coopalen. The contract becomes effective at the start of effective operation of the Mill (marked by the production of 1,000 tn per year of CPO), and is for a term of 20 years.

Under the terms of the Coopalen Supply Agreement, DekelOil Côte d'Ivoire has undertaken to purchase the production of the Coopalen Cooperative and to collect and transport the oil palm crops within 48 hours of their harvesting. Coopalen Cooperative's members are the owners of approximately 10,000 ha of oil palm plantations. The price of the FFB under the Coopalen Supply Agreement is set by the AIPH, subject to a variation based on the quality of the crop. The Company's intention, for the time being, is to operate under the current supply arrangements set out in the Coopalen Supply Agreement but eventually to proceed to entering into lease arrangements over this land.

Further details regarding the Coopalen Supply Agreement are set out at paragraph 44 of Part V of this Document.

2.5 Company Estates

Title to rural land established under the customary law in Côte d'Ivoire, is confirmed by way of a written declaration or protocol issued by a committee of village elders (the "Village Committee") and signed by the chief of the village. The landowners who have granted rights in the Company Estates to DekelOil Côte d'Ivoire have been issued the said written declaration or protocol by the Village Committee confirming the landowner's title in the land. DekelOil Côte d'Ivoire has been granted rights over 176 oil palm estates covering 2,363 ha of land within a radius of approximately 80 km of Ayenouan village (the "Company Estates"). Under the terms of the Company Estate Agreements DekelOil Côte d'Ivoire has been granted all the rights necessary to conduct development of the Company Estates however the Company is responsible for financing the costs involved in obtaining the land certificate over the relevant land (which cost will be reimbursed by the landowner). Prior to the date of this Document DekelOil Côte d'Ivoire has paid approximately £50,000 in fees and other costs for securing title and obtaining plantation certificates relating to part of the Company Estates. The development and farming operations on the Company Estates can be undertaken by DekelOil Côte d'Ivoire on the terms set out at paragraph 45 of Part V of this Document.

As at the date of this Document the Group has planted 1,886 ha of the Company Estates with the remaining area to be developed inline with the Group's strategy as set out more fully at paragraph 5 of Part I of this Document.

The process of preparing the land and planting of the oil palm trees is undertaken by DekelOil Côte d'Ivoire's management and personnel together with local contractors. Once planting is completed the maintenance of the plantations is managed by the Group's local supervisors and contractors, and the on-going work is coordinated by the Group's head agronomist, Dr. Benjamin Adon.

The Company Estate is expected to yield between 20 and 24 tn of FFB per ha per annum once fully mature.

Further details regarding the Group's planned development and expansion of the Company Estates is set out at paragraph 5.3 of Part I of this Document.

2.6 The Guitry Project

Guitry is a town situated in the county of Guitry in Côte d'Ivoire and is approximately 160 km West of Abidjan. Guitry is 240 km west of the Mill Site (which is approximately 80 km east of Abidjan).

As with the Company Estates, the landowners of the Guitry Land have had their ownership of the land confirmed by the issue of a written declaration or protocol by the Village Committee.

Under the terms of an agreement entered into between the Guitry Lessors and IVAD (an unquoted company in Côte d'Ivoire), IVAD was engaged by the Guitry Lessors to conclude a transaction with an international palm oil company. IVAD introduced the Group to the Guitry Project, and the Guitry Land Agreement was executed over the Guitry Land.

Under the terms of the Guitry Land Agreement, subject to the Guitry Lessors securing land certificates and ensuring vacant possession of the land, DekelOil Côte d'Ivoire has agreed to develop the Guitry Land and convert it into oil palm plantation. The area is currently covered mostly by old cocoa plantation, old oil palm plantation and annual crops.

The key terms of the Guitry Land Agreement and the arrangements in relation to the Guitry Project are that:

- IVAD shall procure that the Guitry Lessors make the 24,000 ha Guitry Land available to DekelOil Côte d'Ivoire for developing and managing oil palm plantations thereon;
- out of the total 24,000 ha Guitry Land, DekelOil Côte d'Ivoire will be entitled to the net profits realised from the produce of only 16,000 ha while profits from the remaining 8,000 ha shall belong to the Guitry Lessors. Notwithstanding the aforesaid, by way of an agreement entered into between the Guitry Lessors and IVAD on 12 July 2011 the Guitry Lessors agreed to grant net profits from 2,000 ha of the Guitry Land out of their total entitled profits from 8,000 ha to IVAD as consideration for introducing the Guitry Project to the Group. IVAD has, however, granted its entitlement to the net profits from the 2,000 ha of the Guitry Land to DekelOil Côte d'Ivoire ("2,000 ha IVAD Agreement"). As a result of the above, the Group is entitled to net profits generated from plantation on 18,000 ha (being 75 per cent.) of the Guitry Land while the Guitry Lessors are entitled to profits from the balance 6,000 ha of Guitry Land (being 25 per cent. of the total profits from the Guitry Land); and
- IVAD shall procure that DekelOil Côte d'Ivoire is granted vacant possession of at least 12,000 ha of the Guitry Land while DekelOil Côte d'Ivoire shall be responsible for vacating the remaining the 12,000 ha of the Guitry Land provided that it shall be not responsible for payment of any amounts above FCFA 500,000,000.

As at the date of this Document, no land certificates have been obtained by the Guitry Lessors and no leases have been executed by the Group. A partial payment of approximately €45,000 (out of a total payable amount of €450,000) has been made by DekelOil Côte d'Ivoire to IVAD pursuant to the Guitry Land Agreement. Further details of the Guitry Land Agreement and the 2,000 ha IVAD Agreement are at paragraphs 47 and 48, respectively, of Part V of this Document.

3. Agronomist's Report

The Company has commissioned an independent Agronomy Report (as set out in Part III of this Document), the Executive Summary of which is set out below:

"Established in 2007, DekelOil is a 51 per cent. owner and operator of DekelOil Côte d'Ivoire Ltd, which is developing a palm oil project in the Ivory Coast.

DekelOil currently has 28,886 plantation hectares (27,000 hectares of long-term supply contracts with local smallholders, and 1,886 hectares of owned land at Ayanouan) and 24,000 hectares of expansion land, to provide feedstock for the production of crude palm oil. DekelOil has also commenced the construction works of its first 60 t/h palm oil extraction mill, expected to become operational in Q4 2013. According to Management, the Mill is expected to produce approximately 40-50,000 tn annually of CPO in the Mill's first year of operation (2014) and 70,000 tn of CPO per annum at full capacity.

In general, the south east region of Côte D'Ivoire is very suitable for oil palm development. Soils, Climate, and Topography are very compatible with typical oil palm husbandry requirements. Records indicate that annual rainfall is between 1,500-1,900mm which is acceptable. Importantly, the precipitation is distributed quite well throughout the year with all months receiving rainfall.

The Palm Nursery has been established to very high standards, using a range of 'high tech' materials and equipment. Seedlings being produced for field planting are from very good, modern, potentially high yielding seed, and leave the nursery as well grown, healthy and robust young palms. This is undoubtedly one of the best nurseries I have visited, and provides a very good indicator of what the management is capable of.

Of real interest at this point is that the high standards being achieved in the immature plantings to date are clear indicators of the generally good potential of the area, and the ability of management to effectively rehabilitate areas of land in many cases used for alternative crops such as cocoa.

Historical records of yield potential are somewhat unreliable, particularly for small holders as significant amounts of FFB remain unprocessed, which in turn impacts the small holders economic capacity to fertilize and maintain the plantations to deliver optimal yields. However with prudent comparison with other regions of the oil palm world with similar soil and climatic conditions, the peak yield forecast in the review for new company owned estates of 21 to 24 tn/ha are considered obtainable, provided agricultural policies are based and maintained on 'best practice' systems.

Only one set of seasonal yield swings has been seen, and while there is no way of knowing how accurate the fluctuations from month to month are, the range of 5 per cent. of annual crop in the trough (lowest) month, and 12 per cent. in the peak yielding month appears realistic, and is comparable to those recorded in many palm producing areas of the world.

Crop from the small holder's lands is planned to contribute considerably to DekelOil's early stage business. To this end, DekelOil has embarked on a programme to advise and assist farmers to improve agricultural standards and increase yields. In spite of the fact that farmers are currently at the mercy of mill operators with regards to selling their FFB, and often incur financial difficulties due to the buyers either reluctant, or unable to buy all fruit produced, it is very encouraging to see how keen the farmers are in maintaining their areas to what are, all things considered, reasonably good standards.

Currently, taking into account the estimated percentage of FFB not being purchased by existing mills (reported to be 40 per cent.), indications are that average annual yields from smallholders are more in the region of 10t/ha. When DekelOil's Mill comes on line, and smallholders are able to sell (and record) all their crop, and by which time better agricultural conditions have been introduced, there are clear indicators that annual average yields of over 10t/ha may be achievable in the longer term. However, given estimates of FFB available for the Mill may only be estimated at a high level the writers considers there is some risk FFB quantities may be less than the Mill capacity, particularly if commercial competition increases. It should be noted the Company has taken this into account with its operating objectives where 2014 CPO production is estimated to be 40,000-50,000 tonnes of CPO, which is approximately 60-70 per cent. of full capacity. As additional Company owned estates in close proximity to the Mill are planted and mature (currently 1,886 ha immature), the risk of material shortfalls in FFB available for the Mill will decrease considerably.

FFB logistics and ensuring the quantity and quality of product collected for input in to the Mill is a key risk the Company needs to manage. The Company has a sound conceptual plan in place and execution of this plan will need to commence at least 3-4 months prior to Mill commissioning. A highly experienced logistics manager to work with existing local management on liaison issues should be a priority appointment as we head towards the Mill's operation. The company can take a lot of comfort from the fact that small holder mentality is well entrenched in the Ivory Coast in both the palm oil and cocoa industries.

The Mill is suitable for its intention to process the FFB typical in the Ivory Coast. The manufacturers are a well-known and proven company in the field of palm oil construction. In addition, further comfort can be drawn from the fact it is being constructed under a 'turn key' contract meaning the manufacturer is overseeing all aspects of construction, commissioning and testing.

DekelOil has access to a large undeveloped land bank, into which they plan to progressively expand. While limited time during the site visit prevented extensive and comprehensive studies to be made, there are ample indicators to suggest that, for the greater part these lands are well suited to conversion to oil palms.”

4. History of the Company's Development of the Project

The key events in the recent history of the Group can be summarised as follows:

<i>Year</i>	<i>Development Step</i>
2007-2009	Signed Ayenouan Agreements and Coopalen Supply Agreement for harvesting rights over 27,000 ha of existing oil palm in the Ayenouan region of Côte d'Ivoire
2008	Company completed environmental and social impacts study (ESIA) which included the mitigation plan. The ESIA and the mitigation plan approved by the local ministry of the environment (ANDE)
2008	Recruited experienced management team and employees
2008	Constructed and commenced operations at the DekelOil Nursery which is capable of producing one million plants annually
2009-2012	Leased and planted circa. 1,886 ha of plantations at the Company Estates
2010	Investment Approval granted to DekelOil Côte d'Ivoire
2010	Executed the Siva Investment Agreement with Biopalm Energy
2010	Secured €14.3 million of development loans under BIDC Facility and BOAD Facility for the Mill's construction (construction budget circa. €15 million) and secured Diamond Bank Facility and Diamond Bank Overdraft for a combined €6.6 million
2011	Executed the Modipalm Construction Agreement, Boilermech Supply Agreement and Earth Works Agreement for construction of the palm oil extraction Mill
2012	Additional draw-down from Development Loans. Letters of Credit opened and issued for the Mill equipment in favour of Modipalm and Boilermech in an aggregate amount of approximately €8.2 million
2012	Earthworks completed and foundation and concrete works for installation of the Mill commenced in July 2012
2013	Mill arrived in Côte d'Ivoire in March 2013 with planned construction to be completed by end of 2013
2013	Boletus Loan of £300,000 granted to the Company for working capital purposes.

4.1 Joint Venture with Siva Group

In June 2010, the Company entered into a strategic joint venture with Biopalm Energy Ltd. (“Biopalm Energy”), part of the Siva Group conglomerate. The joint venture resulted in Biopalm Energy and the Company establishing a joint venture company – CS DekelOil Siva Ltd (“CSDS”), incorporated in Cyprus, in respect of which Biopalm Energy subscribed for 49 per cent. of the issued shares of CSDS in consideration of subscription proceeds of €5 million (the “Siva Subscription”) and the issue of the Siva Capital Note. At the time of the subscription the parties concluded a shareholders’ agreement (the “Siva Investment Agreement”) setting out the rights and obligations of the parties in relation to CSDS, and how it would run and operate the Project. **Under the Siva Investment Agreement, Biopalm Energy has rights over certain ‘reserved matters’ whereby their consent is required to be given before corporate and strategic actions can be undertaken. Further details of these ‘reserved matters’ are set out in paragraph 2 of Part V of this Document.**

Concurrent with the Siva Subscription, Biopalm Energy advanced a further €3.3 million to CSDS and in return were granted the Siva Capital Note. The Siva Capital Note accrues interest of 10 per cent. per year until repaid by CSDS or converted to share premium if certain performance conditions are met by CSDS. If the performance conditions are not achieved after 7 years, then the Siva Capital Note and all accrued interest shall be repayable to Biopalm Energy out of profits available for distribution (maintaining the relative percentage interest). Further details of the Siva Capital Note and the said performance conditions are set out at paragraph 17 of Part V of this Document.

On 22 February 2012, the Company entered into an agreement with CSDS and Biopalm Energy (the “Siva Facility Agreement”) under the terms of which Biopalm Energy agreed to make available to CSDS a line of credit of up to €2 million. The Siva Facility incurs interest at 10 per cent. per annum. As at the date of this Document the Company has not drawn down any sum under the Siva Facility and the same is not capable of being drawn down under the present terms until the security obligations can be met by the Company. Further details of the Siva Facility Agreement are set out in paragraph 3 of Part V of this Document.

Furthermore, on 14 January 2013, Biopalm Energy matched investments made by the Company and therefore invested a further €200,000 as equity in CSDS.

In addition to the above, Biopalm Energy has issued the Siva Undertaking to the Company under the terms of which Biopalm Energy has irrevocably agreed to pro rata match the subscription for shares in CSDS by the Company (up to a maximum of €3,000,000) prior to 30 April 2013. Further details of the Siva Undertaking are set out at paragraph 4 of the Part V of this Document.

The Siva Group is a global conglomerate, with operations in, amongst others, renewable energy, shipping and logistics, commodities trading and agriculture. Since entering the oil palm sector, the Siva Group has, through Biopalm Energy, made investment commitments of approximately \$200 million in the palm oil industry across West Africa, Indonesia and Papua New Guinea.

4.2 Project Finance

As at the date of this Document the Group has the following credit and security arrangements in relation to its development of the Project pre-Admission, and its proposed development plans post-Admission:

<i>Lender and Borrower</i>	<i>Facility amount (€) million</i>	<i>Total withdrawal (€) million</i>	<i>Date of most recent withdrawal</i>	<i>Repayment</i>	<i>Interest rate</i>	<i>Use</i>	<i>Security/ Guarantee</i>
Boletus Loan	0.35	0.35	04/03/2013	15/04/2013	10% after 30 March 2013	Working Capital	None
Siva Capital Note	3.3	3.3	01/11/2010	01/11/2017	10%	Working Capital	None
Subordinated Loan Notes 2008	2.57	2.57	31/12/2008	31/01/2017 (subject to available profits)	Nil	Working Capital	None
BOAD	6.9	4.8*	02/09/2011	8 years	10.50%	Mill's equipment and civil works	Gari ⁺ and La Loyale ⁺⁺ financial guarantees lien on the equipment and insurance thereon ⁺⁺⁺
BIDC	7.4	6.53*	09/03/2012	8 years	10.50%	Mill's equipment and civil works	Gari ⁺ and La Loyale ⁺⁺ financial guarantees lien on the equipment and insurance thereon ⁺⁺⁺
Diamond Bank Facility	1.3	0.05	2012	3 years	12.50%	Purchase of equipment and vehicles	Cash deposit of 30% of each equipment or vehicle ^{****}
Diamond Overdraft Facility	5.3	–	n.a.	Renewable annually	12.00% as from drawdown	Working Capital	ASPN – lien on oil stored on the tank ^{*****}
Total facilities	27.12**	17.6					

*Including the Letters of Credit to Modipalm and Boilermech for €7,508,500 and US\$808,000, respectively, issued in November 2012. DekelOil Côte d'Ivoire is required to pay 2 per cent. per annum of the value of the letters of credit as a fee to the providing bank.

**This does not include the Siva Facility, further details of which are set out in paragraph 3 of Part V of this Document.

⁺ Gari Financial Guarantee was issued in the amount of 1.466m FCFA in favour of BIDC and 1.35m FCFA in favour of BOAD. Each has a 1.5 per cent. commission per year and is issued for a duration of the underlying loans.

⁺⁺ La Loyale has issued 3 guarantees in favour of BIDC and one in favour of BOAD, further details of each guarantee are set out at paragraphs 27 to 30 of Part V of this Document. La Loyale has, in turn, been granted a pledge over future stocks of FFB, further details of which are set out at paragraph 36 of Part V of this Document.

⁺⁺⁺ Lien in favour of BIDC and BOAD, further details of which are set out at paragraph 31 of Part V of this Document.

^{****} Pledge of vehicles in favour of Diamond Bank, further details of which are set out at paragraph 34 of Part V of this Document.

^{*****} Pledge of future stock of Palm Oil products, further details of which are set out at paragraph 35 of Part V of this Document.

Detailed summaries of the terms of all of the Group finance and security documents are set out in Part V of this Document.

5. Group Business Strategy

The Group's overriding objective is to become a leading West African producer of CPO.

Based on current information provided by Modipalm and Boilermech the Group expects to complete construction of the Mill by the end of 2013, and immediately to start to process the FFB harvested from the Ayenouan Farmers and the Coopalen Cooperative.

The CPO produced is intended for sale into Côte d'Ivoire primarily, as well as in the international markets. The longer term objective of the Group is to develop sufficient scale in production and processing of CPO in order to increase exports to broader international markets including Europe.

The Company's operational strategy in Côte d'Ivoire is expected to be implemented through the following steps, approved by the Board in its business strategy:

5.1 Completing construction of the Mill by the end of 2013 with initial production of 40,000-50,000 tn of CPO in 2014 rising to 70,000 tn at full capacity

One of the key steps in the Company's business strategy is completion of the Mill Project which will give the Group capacity to process FFB, and produce and sell crude palm oil. This early cash-flow should enable the Group to not only finance its debt, but also implement its plantation program.

The Group completed the ESIA in 2008. By August 2010, the Group had secured the necessary finance for completion of the Mill Project through the debt finance provided by the Development Loans. Following execution of both the Modipalm Construction Agreement and the Boilermech Supply Agreements in January 2011, the original business strategy of the Group sought to complete the Mill Project during 2012. However, following elections in Côte d'Ivoire in November 2010, civil unrest and resulting political and economic instability meant it was not possible for the Group to commence work on the Mill Project until 2011; however the Group continued to develop its plantations.

Towards the end of 2011, political and economic conditions improved sufficiently for the Group, with the approval of the Development Banks, Modipalm and Boilermech, to commence construction work at the Mill Site on the same terms. Initial earthworks were completed in mid 2012, and a contract in relation to the civil works required for the Mill Project was signed with Ivoire Ingeniere in June 2012. It is anticipated that final civil and groundwork will be completed by April 2013.

Equipment and materials for the Mill construction arrived in Côte d'Ivoire in March 2013 and Modipalm and Boilermech will undertake the assembly and installation work, with Ivoire Ingeniere, a local construction company, embedding rail in the concrete floor as part of the foundations. Under the terms of the Modipalm Construction Agreement, DekelOil Côte d'Ivoire is responsible for payment of import taxes and other payments for the release of the Mill equipment from the Abidjan Port. The estimated cost of these payments is approximately €1 million (being approximately 7.5 per cent. of the total Mill equipment value).

The parties to the Modipalm Construction Agreement, have agreed that the Mill will be completed by the end of 2013. Following a period of testing, and any further maintenance work identified, it is anticipated that the Mill will be ready to start processing.

Construction work at the Mill Site is being supervised by a consultant to DekelOil Côte d'Ivoire, together with local supervising engineering company, CMEP. In addition, all work is approved by Bureau Veritas, a global firm providing testing, inspection and certification services, which is responsible for conducting periodical checks and audits and shall provide a conformity certificate at the end of the construction period confirming that all technical specifications have been complied with. As a condition of the Modipalm Construction Agreement, Modipalm have a permanent supervisor at the Mill Site, who is coordinating the earth, civil and ground work ahead of construction work commencing in April 2013. Following arrival of the equipment and materials at the Mill Site, Mr. Karl H, Schmeltzer, an employee of the Group and a mechanical engineer with palm oil expertise, has agreed to relocate to Côte d'Ivoire to oversee construction of the Mill on behalf of the Group and act as its supervisor and manager on the Mill Site.

In late 2012, the Group commenced a tender process in relation to the construction of the Effluent Treatment Facility, which is currently pending approval of the Development Banks. Subject to such approval it is anticipated that the tender process will be completed in March 2013, and a contractor will be engaged

by the Group to construct and install the Effluent Treatment Facility. As the date of this Document, on the basis the above timeline is met, it is anticipated that the Effluent Treatment Facility will be completed in October 2013. The costs of the Effluent Treatment Facility is included in the total budgeted costs for the Mill Project, with the necessary finance being part of the schedule of works agreed in relation to the Development Loans.

Further details of the Modipalm Construction Agreement the Boilermach Supply Agreement and the Mill Coordination Agreement are set out at paragraphs 19, 20 and 21 of Part V of this Document.

5.2 Commencing Mill production with initial input from the 27,000 ha of Ayenouan Farmers and under the Coopalen Supply Agreement

Following construction of the Mill, DekelOil Côte d'Ivoire will start buying FFB from the Ayenouan Farmers and the Coopalen Cooperative.

In the first full year of operations, it is anticipated under the Coopalen Supply Agreement and the Ayenouan Agreements, the Group will purchase approximately 180,000-220,000 tn of FFB. Estimating the supply of FFB from these estates is a critical aspect in the Group's business strategy and cash-flow projections as all initial input will be sourced from them. Based on the Technical Report, the Group is anticipating FFB yields from Ayenouan Farmers and the Coopalen Cooperative to be between 8-10 tn of FFB per ha meaning the Mill will initially operate at 65-80 per cent. of capacity. The Company expects that the average FFB yield per hectare will increase over time due to the fact that the Ayenouan Farmers and Coopalen Cooperative will begin to apply proper cultivation methodologies with the guidance of DekelOil Côte d'Ivoire once they have a committed buyer for their FFB.

The price the Group will pay will be the relevant monthly price published by the AIPH, the Inter-Professional Association of the Oil-Palm Industry in Côte d'Ivoire. Currently the AIPH price is FCFA 47,540 (approximately €72.47) per tn. The parties have agreed that this price will be adjusted subject to any variations in the quality of the FFB.

The key element in the successful purchase, and processing at the Mill, of FFB supplied by the Ayenouan Farmers and the Coopalen Cooperative is logistics, primarily coordinating the harvesting and transport of the FFB from the plantations to the Mill Site to ensure a continuous and consistent supply of FFB.

For this purpose the Group will purchase a fleet of trucks (with the Group retaining control over the vehicles) as well as contracting with local transportation services. Further, DekelOil Côte d'Ivoire shall employ a team of supervisors each responsible for a defined number of Ayenouan Farmers' estates and the logistics in relation to such land area. The fleet of trucks will be partially financed by the Diamond Bank Facility (details of which are set out at paragraph 33 of Part V of this Document) and it is anticipated these will provide supply chain support and logistics. As no harvesting is possible during darkness, the FFB collection and transportation is limited to the daylight period. Therefore, a stock of raw material has to be prepared each day for the night shift.

The Group intends to process between 180,000 to 220,000 tons of FFB in the first year of operations at the Mill, which would suggest a FFB yield per hectare (in relation to the 27,000 ha the subject of the Ayenouan Agreements and covered by the Coopalen Supply Agreement) of approximately 8 to 10 tn.

Further details of the Cooperative Agreements and the Ayenouan Agreements are set out at paragraphs 40 to 43 of Part V of this Document.

5.3 Continue to develop new company plantations at Ayenouan as net cash flow from the Mill operations permit;

As at the date of this Document the Group has planted a total of 1,886 ha of land at the Company Estates. It is anticipated that the Group will plant an additional 500 ha in 2013 on the Company Estates with palm trees sourced from the DekelOil Nursery (and grown to its specifications). Part of the Company Estates are already yielding FFB and that yield is expected to increase to 20-24 tn per ha once the plants are fully mature.

The Directors are currently reviewing acquisition opportunities in the Ayenouan region to further supplement the land area of the Company Estates.

The costs of completing the expansion outlined above will be funded from the net Fundraising Proceeds and the Siva 2013 Investment.

Further details of the Company Estate Leases are set out at paragraph 45 of Part V of this Document.

5.4 Subject to future financing, construct and plant a second nursery facility at the 24,000 ha site secured by the Company under a long term lease at Guitry (further details of the Guitry Land Agreement are set out at paragraph 47 of Part V of this Document).

Under the terms of the Guitry Land Agreement the Group has rights to develop 24,000 ha of land in the Guitry region of Côte d'Ivoire. Out of the 24,000 ha Guitry Land DekelOil Côte d'Ivoire is entitled to the net profits realised from the produce of 18,000 ha, whilst profits of the remaining 6,000 ha belongs to the Guitry Lessors. Therefore the Group is entitled to 75 per cent. of the net profits derived from the Guitry Land plantations while the Guitry Lessors are entitled to the remaining 25 per cent. Further details of the rights of the Group in relation to the Guitry Land Agreement are set out at paragraph 47 of Part V of this Document.

As at the date of this Document, the 24,000 ha is primarily covered by old cocoa estates, old oil palm plantations and annual crops. Subject to available finance (which the Group expects to generate from its profits in respect of the Ayenouan Project, or through debt finance) the Board of Directors intend to develop the Guitry Land which will have the effect of significantly increasing the land area and the FFB production from Group-owned oil palm estates. The Directors anticipate that harvesting and transportation of FFB in relation to the Guitry Land will be conducted solely by the Group. It is the Directors' intention that, in the medium-term and subject to finance and agreement with the Siva Group, the Group will seek to establish a second mill in the Guitry area.

The Directors intend to continue to identify and evaluate other possible opportunities for the acquisition of complementary oil palm properties. Following execution of the Business Strategy, the Group will seek to expand its operation in Côte d'Ivoire and develop oil palm plantations and construct additional mills (primarily in the Guitry region). The Directors will seek opportunities for investment in projects and companies which are, in their opinion, undervalued or capable of producing a satisfactory return, and with a view to minimizing the geographical and sector risks.

6. Palm Oil Market

Palm oil is a form of edible vegetable oil obtained by crushing and pressing the fruit of the oil palm tree, commonly referred to as fresh fruit bunches or "FFB". Palm oil is one of the major vegetable oils traded in the global edible vegetable oils market. Examples of other vegetable oils include soybean oil, rapeseed oil and sunflower oil. Palm oil is the vegetable oil with the highest level of global consumption.

CPO is extracted through a process involving sterilisation and pressing of the FFB. During the extraction process, seeds are separated from the FFB and upon cracking the seed's shell, the kernel inside is separated and can be further processed to yield palm kernel oil ("PKO").

Palm oil is one of the few perennial crops that is harvested all year round. According to the Centre National de Recherche Agronomique in Côte d'Ivoire, the commercial life span of a palm oil tree is estimated to be up to 25 years. Palm oil is generally recognised as being significantly more productive due to its high oil yield per hectare compared to other edible oil sources, such as soybeans and rapeseed.

Palm oil is typically grown in tropical environments, less than ten degrees either side of the Equator, including South East Asia, West Africa and South America. The largest producers of Palm Oil are Malaysia and Indonesia, which account for approximately 85 per cent. of annual global palm oil production.

The table below summarises the key West Africa palm oil producers. Côte d'Ivoire is the second largest producer of palm oil and the only net exporter of palm oil. Based on the Directors collective experience and the published accounts of public companies operating in the palm oil sector in Côte d'Ivoire, the Directors believe that DekeOil benefits from operating in an established and proven palm oil market compared to other emerging producers operating in locations such as Liberia and Sierra Leone.

<i>Palm Oil '000t</i>	<i>Production</i>	<i>Consumption</i>	<i>Trade Balance</i>
Benin	35	110	(75)
Côte d'Ivoire	300	170	130
Ghana	120	160	(40)
Guinea	50	75	(25)
Liberia	42	61	(19)
Nigeria	850	1240	(390)
Sierra Leone	36	44	(8)

Source: Data for ECOWAS palm oil producing countries, as of 2011 (USDA 2012)

Derivatives of CPO and PKO are used throughout the world for many food and non-food applications including cooking oil, margarine, ice cream, non dairy creamer, soaps, detergents, animal feed, cosmetics and industrial lubricants. It is currently estimated that approximately 80 per cent. of CPO is used in food-based products and the remaining 10 per cent. is used for non-food applications.

7. Overview of Côte d'Ivoire and its Oil Palm Industry

Côte d'Ivoire is one of the largest economies of the Economic Community of West African States and second in the entirety of West Africa, after Nigeria. Foreign direct investment holds an important position in the Ivorian economy and accounts for between 40 per cent. and 45 per cent. of total capital in Ivorian firms. The Government is strongly committed to reforms across the agricultural, infrastructural and social sectors, which aim to strengthen the economy and its growth potential. International investment is encouraged.

In 2009, Côte d'Ivoire returned to pre-conflict growth levels and the economy demonstrated remarkable resilience during the recent global financial crisis. The November 2010 presidential elections brought Alassane Ouattara to office, although incumbent President Laurent Gbagbo disputed the result. These events resulted in a resurgence of the civil war, which came to an end in April 2011 when Gbagbo was taken into custody. The post-election crisis had a significant short-term impact on the economy of Côte d'Ivoire. GDP fell in 2011 by between 4.7 per cent. and 5.9 per cent. Growth estimates of approximately 8 per cent. in GDP, however, suggest that the economy has rebounded strongly.

Côte d'Ivoire has a developed agriculture industry which engages roughly 68 per cent. of the population. Côte d'Ivoire is the world's largest producer and exporter of cocoa beans and a significant producer and exporter of coffee and palm oil.

7.1 Côte d'Ivoire Oil Palm Industry

The development of the modern oil palm industry in Côte d'Ivoire began in 1963. The "Plan Palmier" outlined a programme for the establishment of state owned nucleus estates with land belonging to contracted smallholders. Funds provided by the World Bank and the European Investment Fund played an important role in the implementation of this plan. Under the plan, the State released forest reserves and created a land tenure system whereby anyone working the land could have title to it. The land tenure system was enforced by traditional elites and government institutions. Prior to 1997, the factories were owned by the State and the State was committed to buy all FFB from the small holders. In 1997, the factories were privatised (the State still holds a small percentage in some mills), and Cooperatives were formed to assist smallholders in selling their yields to the newly privatized mills.

The table below provides an overview of the key private operators following the privatisation process.

<i>Company</i>	<i>No. of Mills</i>	<i>Hectares</i>	<i>Annual tons FFB</i>	<i>Palm Oil production (metric Tonnes)</i>
PalmCI (SIFCA, Wilmar & Olam)	12	39,000	1,107,443	250,000
SIPEFCI	2	11,035	264,083	56,778
Palm Afrique	2	7,100	295,200	59,040
SOGB	1	6,041	110,000	22,000
	<u>17</u>	<u>63,176</u>	<u>1,776,726</u>	<u>387,818</u>

Source: Company from publicly available information

Following privatisation the key private sector operators continued growing their company leased estates reducing their reliance on small holders for production. Côte d'Ivoire has approximately 210,000 hectares of oil palm plantations and produces a total of around 390,000 tons of palm oil annually. Yields per ha of land remain low due to lack of processing facilities for small holders and lack of motivation to apply proper cultivation practices. Average yields, measured at the factory gate are at 6-7 tn/ha (with an estimated 30 per cent. to 40 per cent. of FFB left in the field). Company plantations can yield more than 20 tn/ha.

7.2 Price of FFB

The price of FFB in Côte d'Ivoire is set by the AIPH. The Committee adjusts the FFB prices relative to changes in the CIF Rotterdam Crude Palm Oil Price. The price, which is set in FCFA, is reset every month and takes into account both the US\$ change in the CIF Rotterdam Crude Palm Oil Price and the change in the Euro/dollar rate.

7.3 Marketing and Sale

The Directors believe that during its initial phase of operations, the majority of the Group's CPO production will be sold to local West African markets (due to the current CPO supply deficit in West Africa) with any balance sold to the European market. The local sale price of CPO is determined monthly based on CIF Rotterdam Crude Palm Oil Price index. CPO prices are set either at the date of shipment, or between 30 and 60 days prior to shipment. The CPO price in Africa is similar to the CPO price in Rotterdam and therefore at the current market conditions, Management believes it is more profitable to sell CPO to the local refinery market rather than other international markets. As at the date of this Document the CIF Rotterdam Crude Palm Oil Price is US\$870 per tn and the local Côte d'Ivoire price of CPO is US\$852.50 per tn.

The Group has also received expressions of interest from commodity traders for off-take agreements for export purposes. The Directors are continuing to consider these offtake opportunities and the comparative benefits versus sale in local markets.

7.4 DekelOil – Operations in Côte d'Ivoire

The map below shows the location of Ayenouan and Guitry, where the Group's operations and planned areas for development and expansion are located.



The main operations (i.e. the site for construction of the Mill, and the land covered by the Ayenouan Agreements, and the Company Estates) are located in the region of Aboisso which is located approximately 80 km west from the major port in Abidjan.

As detailed in paragraph 5.4 above, the Company also intends, subject to finance and agreement with SIVA, to commence its second area of operations in Guitry where it has secured rights to develop oil palm estates over approximately 24,000 ha (comprising the Guitry Land). The Guitry Land is primarily over old cocoa estates which will be replaced with oil palm. The site is located approximately 160 km from Abidjan Port.

8. Applicable Law and Regulatory Control in Côte d’Ivoire

8.1 Investment Approval

DekelOil Côte d’Ivoire was granted an investment approval by order n°959/MIPSP/MEF on 3 March 2010 from the Minister of Finance of the Republic of Côte d’Ivoire (the “Investment Approval”). The Investment Approval entitles DekelOil Côte d’Ivoire to certain tax exemptions (details of which are set out below). DekelOil Côte d’Ivoire also applied for the tax benefits provided by the new Côte d’Ivoire investment code dated June 2012. As at the date of this Document, the Centre for the Promotion of Investment in Côte d’Ivoire (“CEPICI”) has approved the application of DekelOil Côte d’Ivoire (the “CEPICI Approval”). DekelOil Côte d’Ivoire is awaiting issue of the final exemption order by the Côte d’Ivoire Minister of Finance (which is expected to be issued by the end of March 2013) (the “Final Exemption Order”). In the meantime, the CEPICI has instructed the Côte d’Ivoire Customs Administration to grant DekelOil Côte d’Ivoire the benefit under the new investment code thereby entitling DekelOil Côte d’Ivoire to total VAT exemption in Côte d’Ivoire for a period of 6 months following issue of the CEPICI Approval. VAT exemption relating to further periods is expected to be granted under the Final Exemption Order.

Under the Investment Approval, DekelOil Côte d’Ivoire is required to fulfil the following conditions:

- (a) the Investment Approval is granted for a period of 8 years from the date of satisfaction of the investment conditions set out at (c) and (d) below;
- (b) DekelOil Côte d’Ivoire is required to undertake investments involving creation of plantations and construction and exploitation of a palm oil plant in the region of Aboisso (South East of Côte d’Ivoire), the area of which includes the Ayenouan Project;
- (c) the minimum investment amount required to be invested by DekelOil Côte d’Ivoire under the Investment Approval is FCFA 15,974,500,000 (approximately US\$31,194,900) and this amount must

be invested no later than 24 months following the date of grant of the Investment Approval. The Investment Approval has, however, been amended by way of Ministerial Order no. 1059 MEMIIMEF dated 6 June 2012 under the terms of which the 24 month time period commences from 4 June 2011. For the avoidance of doubt, the requisite investment amount must now be invested under the Investment Approval (as amended) by DekelOil Côte d'Ivoire no later than by 4 June 2013. The Directors believe that this condition will be satisfied on commencement of construction of the Mill; and

- (d) DekelOil Côte d'Ivoire is obliged to create at least 300 permanent jobs within the 12 month period following commencement of Mill operations (which should include no less than 298 jobs for citizens of the Republic of Côte d'Ivoire). At present, DekelOil Côte d'Ivoire has 52 employees, however, the Directors intend to employ at least the balance number of employees required under the Investment Approval within the requisite 12 month period following Mill operations (i.e. by November 2014) failing which they will use their reasonable endeavours to secure an extension of the time period for satisfaction of the conditions.

DekelOil Côte d'Ivoire has, under the Investment Approval, been granted a tariffs incentive at the rate of 5 per cent. in respect of import of materials, equipment, utility vehicles and the first set of corresponding spare parts necessary for the construction of the Mill;

DekelOil Côte d'Ivoire has been granted tax reliefs as follows:

- VAT exemption: total exemption from VAT for a period of 6 months following the date of issue of the CEPICI Approval. VAT exemption for further periods is expected to be granted under the Final Exemption Order;
- tax on profit: total exemption until the 6th year, 50 per cent. exemption on the 7th year and 25 per cent. exemption on the 8th year;
- trade tax: total exemption until the 6th year, 50 per cent. exemption on the 7th year and 25 per cent. exemption on the 8th year; and
- property tax: total exemption until the 6th year, 50 per cent. exemption on the 7th year and 25 per cent. exemption on the 8th year.

DekelOil Côte d'Ivoire will however be taxed as follows

- West Africa Monetary Zone PCS tax at 1 per cent.; and
- West Africa Monetary Zone PCC tax at 0.5 per cent.

The Directors remain committed to satisfying the terms of the Investment Approval, and in the alternative will use their reasonable endeavours to secure an extension of the time period for satisfaction of the conditions.

8.2 Statutory Law in Côte d'Ivoire

The CI Legal Opinion confirms that DekelOil Côte d'Ivoire has all necessary licences, consents, permits and authorities necessary to carry on its business in the manner in which its business is now carried on, and in which it is expected to be carried on as detailed in this Document.

In addition it includes a summary of relevant Côte d'Ivoire Law set out below:

- Rural land law in Côte d'Ivoire is governed by the Act no. 98-750 of 23 December 1998 (the "Rural Land Act").
- Section 2 of the Rural Land Act confirms that the Rural land Act applies to all land not classified as public or urban land and not classified by the state as a reserved forest.
- Section 1 of the Rural Land Act states that rural land cannot be owned by non-Ivorian persons, however, the Rural Land Act does not contain a restriction on non-Ivorian persons obtaining a lease of land over rural land.
- Under the provisions of the Long Lease Act of 25 June 1902 (the "Long Lease Act"), any person, therefore including a non-Ivorian, can lease land for a period of up to 99 years. The parties are free to negotiate the commercial terms of such lease.

- All land in Côte d’Ivoire is divided between registered and unregistered land. While most of the urban land is registered land, 99 per cent. of rural land is unregistered.
- Sections 6, 7 and 8 of the Rural Land Act recognise that in case of unregistered rural land, title is established using the applicable traditional law customary in the region. Details of the traditional law customary in Ayenouan and Guitry region of Côte d’Ivoire are set out below.
- The Rural Land Act provides for a mechanism to convert unregistered rural land (with title established by traditional law) to registered land, although this conversion is not common.
- The first part of the process is to apply for a provisional land title certificate (certificate foncier). This certificate, once obtained, cannot be challenged and no third party can claim right over the land. However, this certificate should, within three years, be replaced by registered title. Registering a title can in practice, however, take more than 3 years to complete. The failure to obtain a registered certificate does not impact on the title under customary law or the Rural Land Act (nor the derivative rights of any party dependant on such rights).
- Under section 8 of the Finance Law no. 70-2009 of 10 March 1970 (the “Finance Act”), once a title certificate is obtained a lease may be registered under the title at the land registry and relevant taxes paid (currently 10 per cent. of the annual rent specified in the lease agreement, or, in the absence of such specification, at the fair market value determined by the Finance Ministry).
- Under section 4 of the Rural Land Act, ownership over registered land is established by way of a land certificate issued by the Ministry of Agriculture, signed and published in the Official Journal of Côte d’Ivoire by the Department Prefect.
- A commercial practice in respect of rural land, known as Abusan, has developed to allow for the commercial exploitation of rural land and the terms relating thereto.

8.3 Customary Law System in Côte d’Ivoire

Ownership of unregistered rural land is established in accordance with traditional law and tribal customs (the “Customary Law”). Details of the standard procedure to establish title in respect of the majority of transactions relating to rural land is as follows:

- A committee comprising the Chief of the Village and other senior community elders (the “Committee”) issues a written declaration or a protocol signed by the Chief of the Village confirming that the relevant landowner owns the land. The protocol or written declaration issued by the Committee confers on that landowner all the rights in relation to the land;
- Following the grant of the protocol or the written declaration by the Committee, if the landowner wishes to lease or grant rights over his land to a third party, he issues the third party an irrevocable letter of commitment pursuant to which the landowner confirms that he is the holder of the rights in relation to the subject land. In the event that the land is owned by a family or by a village, the family or the village (as the case may be) nominates a person (usually the head of the family or chief of the village) to sign relevant agreements on their behalf. The nomination of the representative of the village or the family is usually done by way of a protocol signed by the majority of the family members;
- The landowner and the third party then enter into an agreement under which the landowner grants an interest in the land to the third party which permits the third party to exclusively prepare, develop and exploit the produce of that land. The economic split between the parties is agreed on a case by case basis and documented either in a formal commercial agreement or, as is common in Côte d’Ivoire, by way of written or unwritten agreement with a default arrangement (in the absence of express terms agreed between the parties) known as Abusan. Abusan provides for a two-third, one-third split between the developer and the land owner respectively.

The title established under Customary Law has the same status at law in Côte d’Ivoire as title of registered land under the Rural Land Act. Ownership of rural land under the Customary Law is respected and rights are enforced by courts and arbitration services in Côte d’Ivoire.

All of the Group’s rights in relation to the Company Estates and the Guitry Land are set out in formal lease agreements with the title of the lessors established by Customary Law.

9. Investment Proposition

The Board believes that, in light of its assets, the following characteristics of the Group are attractive to investors:

- The Group has agreed supply of FFB from circa. 27,000 ha of oil palm plantations under the Ayenouan Agreements and the Coopalen Supply Agreement;
- Subject to further funding and the Guitry Lessors securing land certificates and ensuring vacant possession of the land, DekelOil Côte d'Ivoire has agreed to develop the Guitry Land (24,000 ha) and convert it into oil palm estates;
- The in-country operational management have experience in managing large scale oil palm estates in Côte d'Ivoire;
- Operating in Côte d'Ivoire provides the Group with a low cost production environment;
- Palm oil is the most widely used edible oil in the world and is increasingly in demand.

10. Acquisition of Boletus Resources Limited

The Company has signed the Acquisition Agreement to acquire the entire issued share capital of Boletus by which it will issue 100,000,000 new Ordinary Shares to the Boletus shareholders. Boletus was formed by Optiva Securities in 2012 as a vehicle to facilitate the acquisition of one or more natural resource projects in Africa, raising some £580,000 in cash as a result of a placing by Optiva.

Financial information on Boletus is set out in Part C of Part IV of this Document.

The Acquisition will complete on Admission. The Consideration Shares will represent approximately 7.69 per cent. of the Enlarged Share Capital of the Company following Admission. The Consideration Shares will rank *pari passu* in all respects to the existing Ordinary Shares.

11. Use of Funds

The Business Strategy of the Group is summarised at paragraph 5 above. The Fundraising Proceeds, together with the Siva 2013 Investment, will be used to:

- meet the costs of Admission;
- part fund the import and construction of the Mill to the extent not financed by the Development Loans, and for the recruitment of staff, testing and additional engineering work, and other associated costs and expenses in relation to the Business Strategy (including taxes and interest payable);
- fund further plantations in Ayenouan; and
- for general working capital purposes.

Any funds that remain available to the Group in the short-term, including funds generated through the processing of FFB from the Ayenouan Farmers and Coopalen Cooperative, will be applied to advance the Project.

12. Social and Environmental

12.1 Social Responsibility

The Group's operations (through its subsidiary, DekelOil Côte d'Ivoire) in Côte d'Ivoire to date have created over 200 new jobs and it is expected the development of the Company (and its subsidiaries) moving forward will create at least an additional 300 new jobs. It is also expected to improve existing oil palm farm yields, enhance Ayenouan Farmers' income, revitalize the Co-operatives and accelerate the development of social infrastructure in the local community. DekelOil Côte d'Ivoire's activity will affect the lives of more than 6,000 families directly and indirectly.

12.2 Environmental and Social Impact Study

DekelOil Côte d'Ivoire has completed an Environmental and Social Impact Assessment ("ESIA") which is in line with the International Finance Corporation ("IFC") requirements and Ivorian law. DekelOil Côte d'Ivoire is committed to adopt and operate in accordance with the recommendations provided in the ESIA.

The aim of the ESIA report was to satisfy both legal and institutional obligations under the Ivorian environmental protection laws (Arrêté no 00972 du 14 Novembre 2007 relatif à l' application du décret no 96 894 du 8 Novembre 1996), and also comply with the IFC standards on the environment.

The ESIA concluded that DekelOil Côte d'Ivoire is fully aware of its corporate responsibility to sound environmental practice. The major potential environmental and socio-economic issues and impacts associated with the proposed Projects have been identified and duly assessed in the ESIA. Mitigation and management measures for the identified impacts have been proposed at the design, planning and implementation stages in order to minimise significant adverse effects. A monitoring programme to help detect changes arising from the predicted adverse impacts has been prepared and presented in the provisional environmental management plan (PEMP). A summary of the potential environmental and socio-economic issues, their associated impact and relevant mitigation proposals is set out below.

According to the ESIA, some of the potential positive socio-economic impacts of the Project include the employment of local people, expansion of local markets for labour and goods, opportunities to improvements in the local infrastructure. It was also noted that DekelOil Côte d'Ivoire intends to put systems in place to assist the farmers to improve the production of their plantations thereby allowing the farmers to earn more income.

Identification and Description of the Significant Adverse Impacts

According to the ESIA the main activities of the Group in relation to the development of the project will include resettlement issues including land acquisitions, land preparation for nurseries, development of nurseries, road construction/maintenance and discussions and endorsements with farmers, cooperatives and government bodies. In addition to the above, the Company will have to undertake development of monoculture agricultural plantation, develop and undertake biodiversity schemes and set up palm oil mill effluent ("POME") treatment and disposal facilities.

Adverse Impact Mitigation Measures

Based on the analysis of the environmental consequences of the Mill (some of which are set out above), the ESIA provided the following mitigation measures for implementation:

- (i) Development of a full resettlement/compensation plan. The ESIA confirms that representatives of the Ayenouan community confirmed their knowledge and interest in the project and gave overwhelming support for the same. According to the 16 affected farmers at Ayenouan, the Department of Agriculture conducted a survey and prepared the compensation amounts to be paid to each farmer. The farmers expressed their satisfaction with the compensation process and the quantum received. It was further noted that the basic procedures under the IFC Performance Standard 5 on Involuntary Resettlement seem to have been followed by DekelOil Côte d'Ivoire, and also there is compliance with Ivorian legal requirements.
- (ii) Standard practices for erosion control will be adopted to mitigate this concern. The clearing of land will usually be done in the dry season when the likelihood of sediment transport by storm water is minimal. It is proposed that as much vegetation as possible be allowed to border the nursery plots to trap sediments and avoid their movement to water bodies.
- (iii) Machinery will not be moved during peak traffic times to avoid inconvenience to motorists. Movements during weekends will be encouraged and will be supported by police escorts for public safety. The Company, as a mitigation measure, has already adopted the construction of a new 1.5 km road to avoid the town in relation to movement of trucks. The junction off the highways and to the Mill site may be redesigned so that heavy slow moving trucks will be able to move to the highways with minimal disruption to other motorists.
- (iv) Waste dumps will be created at suitable sites to manage construction waste, water and sanitary facilities which will be provided for workers. The solid waste from the production consists of EFB, fiber and palm kernel each of which will be put to use by the Company.

- (v) DekelOil Côte d'Ivoire will not handle serious hazardous chemicals because of its status as a 'green' project.
- (vi) DekelOil Côte d'Ivoire proposed to channel all of the Mill effluent for treatment to the Effluent Treatment Facility to meet required standards before disposal. DekelOil Côte d'Ivoire will install cyclones for proper air cleaning and will ensure complete burning of fuel.
- (vii) Only treated effluent meeting the specified standards will be used for irrigation. A monitoring programme for the performance of the treatment ponds will be instituted to confirm that the treatment is always complete and satisfactory.
- (viii) A monitoring programme will be implemented to check ground water level fluctuations during both the dry and wet season and to keep record of trends. In case groundwater mining is determined, then other sources may be considered which will include construction of an impoundment structure on the local stream to retain water during the rainy season.
- (ix) Programmes aimed at providing occupational health and safety training will be required and the farmers will be educated on matters relating to safe handling and application of agrochemicals, use of appropriate protective clothing, etc.
- (x) As a way of reducing health risks, the DekelOil Côte d'Ivoire community relations outfit will collaborate with local community health centre to develop and implement public health education programmes.
- (xi) DekelOil Côte d'Ivoire will periodically spray approved larvaecides in the neighbouring river reaches to destroy any insect larva and avoid any infection among workers.

12.3 Roundtable of Sustainable Palm Oil

DekelOil Côte d'Ivoire is a member of the Roundtable of Sustainable Palm Oil ("RSPO"). The RSPO was established in 2004 to promote the production and use of sustainable palm oil. The RSPO is an association created by organisations carrying out activities in and around the entire supply chain for palm oil to promote the growth and use of sustainable palm oil. The Directors are committed to compliance with its code of conduct where applicable and will consider the RSPO certification process in due course, as they believe premium pricing may emerge for RSPO certified palm oil in the future.

12.4 Company Commitment

The Directors are committed to ensuring that high environmental and social standards are maintained.

13. Directors and Key Employees

On Admission, the Board will comprise the following Directors, brief biographies of whom are set out below.

Andrew Tillery (aged 47), *Non Executive Chairman*

Mr Tillery is an experienced project manager and investment analysis with over 20 years operational management and private equity experience in Africa and other emerging markets. This includes seven years (1996-2003) as a CEO in Côte d'Ivoire, West Africa where he had responsibility for managing a group of oil palm operations and also founding a natural rubber business. Mr Tillery has an MA and MSc from Oxford University, an MBA from the University of Chicago and worked with CDC Group Plc (the UK Government development finance institution) from 1989 until 2004. Following this he spent several years in emerging markets investment management, including four years as a Senior Investment Manager with Norfund, the Norwegian Investment Fund for Developing Countries, based in Oslo after a secondment period to venture capital fund managers Fanisi Capital Ltd in Nairobi. Mr Tillery also briefly returned to CDC Group (now renamed ACTIS Capital LLP) as an Investment Director from 2006-2008. He is currently on the board of three African agribusiness and adviser to several agribusiness investment funds in sub-Saharan Africa. He also recently joined Collabrium Capital, a London based investment bank, as a partner responsible for the management of several emerging market funds.

Youval Rasin (aged 41), *Chief Executive Officer*

Mr Rasin is the co-founder of DekelOil and has held senior management positions in various companies within the Rina Group, a family holding company with diverse interests including agriculture, mining and hotels in Africa and Europe. Mr. Rasin is interested in StarEnergy SA which has undertaken construction

of a 381MW gas turbine. Furthermore, Mr. Rasin has interests in Marine Carrier SA, Starten Limited, StarTen CI SA and Egoz Limited. He is also interested in StarAgro SA which is involved in the production of rubber and cacao plants. By profession, Mr Rasin is a qualified lawyer and has been active in Côte d'Ivoire since 2002, with 7 years experience in agro-industrial projects including 5 years in the palm oil industry with DekelOil.

Yehoshua Shai Kol (aged 41), *Chief Financial Officer*

Mr Kol is the co-founder of DekelOil. By profession, Mr Kol is a Chartered Accountant, and has an MBA from Tel Aviv University. Mr Kol worked for 13 years in finance, with significant business & international exposure. Mr Kol is a former employee of KPMG Corporate Finance and Professional Practice. He was also the Financial Director for Europe, Middle East and Africa for an international software company, Director of Finance and Business Development for Yellow Pages Ltd in Israel, during which time he lead fund raising and Mergers & Acquisitions activities.

Lincoln John Moore (aged 35), *Executive Director*

For the past 5 years Mr. Moore has been actively involved in establishing and raising finance for oil palm projects in Liberia, Sierra Leone and Côte d'Ivoire. Mr Moore was the former Chief Financial Officer of Sierra Leone Agriculture Ltd (now owned and operated by the Siva Group) until September 2011 and a co-founder and former director of Ragnar Capital Ltd, where he played a key role in raising over \$US50m for oil palm projects in West Africa. This included the Siva Investment into CSDS of €8.3 million. Currently a non-executive director of Zarmadan Gold Limited and a former executive director of AIM listed Northcote Energy Limited, Mr Moore is a Chartered Accountant and former senior manager in the restructuring division of Deloitte and Touche.

Richard Amon (aged 57), *Non Executive Director*

Richard Amon is an Ivorian national, member of the Royal family of Abengorou, part of the Agny which is one of the largest ethnic group in Côte d'Ivoire. Mr Amon was related to the first president of Ivory Coast, his excellence Félix Houphouët-Boigny. Mr Amon is a former Notary and is a co-founder of DekelOil and in addition, is a director of various companies within the DekelOil group. Mr Amon's key role is to assist with relations with the community, small holders, co-operatives, in addition to government relations. Mr Amon was also closely involved in assisting with the development bank loan process to finance the Mill. Mr Amon holds a law degree from Montpellier University, France. He is president of StarEnergy SA which has undertaken construction of a 381MW gas turbine.

Senior Management

Following Admission, the Group will have the following senior managers:

Eyal Timmor (aged 51), *Chief Operating Officer of DekelOil Côte d'Ivoire*

Mr Timmor is a Chartered accountant with 18 years of management experience, including 10 years in Côte d'Ivoire, Uganda, Sierra Leone and Nigeria. Prior to working for DekelOil, Mr Timmor was the CEO of a telecommunications company in Sierra Leone. Mr Timmor is based full time in Côte d'Ivoire and is responsible for overseeing the administrative and regulatory functions of the company, including co-ordinating the Mill Equipment logistical requirements.

Dr. Benjamin Adon (aged 49), *Agriculture Director of DekelOil Côte d'Ivoire*

Dr Adon is a palm oil genetic expert with 15 year's experience in R&D on palm oil seeds and the development of palm oil estates in Côte d'Ivoire. Prior to joining the company, Dr Adon held a senior position at the Centre National de Recherche Agronomique ("CNRA"), the Côte d'Ivoire authority for oil palm seed development where the latest cycle of seeds are generating yields well in excess of 20 tonnes of FFB. Dr Adon oversees all aspects of the Company's agricultural activities including the Nursery, the planting programme, estate maintenance and relations with the small holders.

Karl-Heinz Schmelzer (aged 69), *Mill Operations of CSDS*

Mr Schmelzer is a mechanical engineer with experience in the manufacture and operation of palm oil mills. He served for 10 years as the general manager of a factory for the production of boilers used in palm oil mills. Mr. Schmelzer has been responsible for liaising and overseeing the manufacturing work of Boilermach and Modipalm in Indonesia and Malaysia, respectively. He is now in the process of relocating to Côte d'Ivoire to

be available on the Mill site as the Mill equipment arrives in early March 2013. He will have responsibility on behalf of the company for monitoring the Mill construction and Mill commissioning process.

Moshe Yetiv (aged 62), *Estate Manager CSDS*

Mr Yetiv is an experienced agronomist with more than 25 years experience in the management of large scale agricultural and oil palm projects, including 10 years in West Africa. Mr. Yetiv is responsible for managing all nursery operations. He was also responsible for implementing the current Nursery in Ayenouan including the computerised drip irrigation system and the use of coconut fibre substrate system both of which have been highly praised by the reporting Agronomist.

Other Employees

As at the date of this Document, the Group has 52 employees, out of which, 45 are located in Côte d'Ivoire (all of whom are involved in the daily operations of the Group), 4 in Israel and 3 in Cyprus. Once the site at the Ayenouan Project is fully mature, the Directors would expect the total number of employees, direct and through contract staff, to exceed 300 people.

14. Corporate Governance

As the Company is incorporated in Cyprus, it is not subject to the provisions of the UK Corporate Governance Code (formerly the Combined Code) nor to any other mandated standards of Corporate Government.

The Directors support high standards of corporate governance and confirm that, following Admission, they intend to comply with the recommendations on corporate governance made by the Quoted Companies Alliance as far as is practicable, taking into account the Company's size and stage of development. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. To this end, the Board has established audit and remuneration committees. The Board will hold at least four board meetings each year.

The Company has adopted a share dealing code for directors' dealings in securities of the Company, which is appropriate for a company admitted to AIM. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules).

The Board has established an Audit Committee and Remuneration Committee with formally delegated duties and responsibilities.

14.1 Audit Committee

The Audit Committee comprises three Directors, Andrew Tillery, Lincoln Moore and Richard Amon, and is chaired by Andrew Tillery.

The Audit Committee will meet at least three times a year and at such other times as the chairman of the Audit Committee shall deem necessary. The Audit Committee receives and reviews reports from management of the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place.

14.2 Remuneration Committee

The Remuneration Committee comprises three Directors, Andrew Tillery, Lincoln Moore and Richard Amon, and is chaired by Andrew Tillery.

The Remuneration Committee will meet at such times as the chairman of the Remuneration Committee or the Board deem necessary. The Remuneration Committee will determine and review (in consultation with the Board) the terms and conditions of service of the executive directors and non-executive directors. The Remuneration Committee will also review the terms and conditions of any proposed share incentive plans, to be approved by the Board and the Company's shareholders.

14.3 Bribery Act 2010

The Bribery Act 2010 ("Bribery Act") which came into force in the UK on 1 July 2011, prescribes criminal offences for individuals and businesses relating to the payment of bribes and, in certain cases, a failure to prevent the payment of bribes. Whilst the Directors believe that the Group conducts its affairs in a manner which means that either the Bribery Act will not apply to any member of the Group or which would in any event not result in any criminal offence being committed by a member of the Group or any of its directors, the Company has nonetheless established procedures designed to ensure that no member of the Group engages in conduct for which a prosecution under the Bribery Act may result.

15. Reasons for Admission

In addition to the fundraising, the reasons for Admission are as follows:

- to provide the Group with a flexible financial structure for the establishment of the business and future growth;
- to maintain appropriate level of corporate governance within the Group;
- to assist in recruiting, retaining and incentivising skilled employees;
- to enable the Group to access a wide range of investors.

16. Dividend Policy

The nature and structure of the Company means that the Directors will be unable to recommend a dividend in the early years following Admission.

Total banking and other facilities amount to approximately €27 million, assuming full drawdown. In addition to the various obligations to repay principal and interest, the SIVA Capital Note of €3.3m is required to be repaid before the operating company can pay dividends to the two joint venture parties including ultimately to the Company and the Company itself has capital notes of €2,570,000 which are also required to be repaid before any dividends can be paid.

In addition, it is the Directors' intention to reinvest any surplus funds in the development of the business, as they believe it to be appropriate for a business at this stage of development, and it is hoped reinvestment will generate capital growth for Shareholders.

However, subject to repayment of the banking and other facilities it is the longer term intention of the Directors, following the development of the Ayenouan Project and completion of the plantation programme, to consider the payment of dividends.

17. Financial Information and Reports

Financial information on the Company for the three years ended 31 December 2011 are set out in Section B of Part IV of this Document and its unaudited interims for the six months ended 30 June 2012 are set out in Section A of Part IV of this Document.

Financial information on Boletus for the period from incorporation to 31 December 2012 is set out in Section C of Part IV.

An Unaudited Pro Forma Statement of Net Assets illustrating *inter alia* the effects of the Acquisition and Placing is set out in Section D of Part IV of this Document.

The Company's accounting reference date will remain 31 December.

In accordance with the AIM Rules, the Company's audited accounts to 31 December 2012, being a period six months after the date to which financial information has been disclosed in this Document, will be published by no later than 28 March 2013. Thereafter, the normal six month deadline for the publication of audited accounts will apply.

18. The Placing

The Placing comprises the issue of 170,000,000 Placing Shares at the Placing Price of 1 pence, raising approximately £1.7 million (€1.955 million), before expenses.

The Placing Shares will represent approximately 13.08 per cent. of the Enlarged Share Capital of the Company following Admission and will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects to the existing Ordinary Shares.

Under the Placing Agreement, Optiva agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price with certain institutional and other investors. The obligations of Optiva under the Placing Agreement are conditional upon, *inter alia*, Admission taking place on 18 March 2013 (or such later date as the Company and Optiva agree being no later than 15 April 2013). The Placing Agreement contains provisions entitling Optiva to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse. The Placing has not been underwritten by Optiva.

The Company has entered into depositary arrangements to enable investors to settle and pay for their interest in Ordinary Shares through the Crest System. Further details of the depositary arrangements are set out in paragraph 21 of Part I and paragraph 9 of Part VI of this Document.

19. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

20. Current Trading, Future Prospects and Significant Trends

On Admission the Group will have net fundraising proceeds of £1.795 million (approximately €2.06 million) which will be used to pay certain project expenses relating to the Mill. It is the intention of the Directors to invest approximately €1.75 million (approximately £1.52 million) into CSDS following Admission. On the assumption that Siva invest a similar amount pursuant to the Siva Undertaking, CSDS will have net funds available to it at this stage of approximately €3.5 million (approximately £3.04 million).

On 27 September 2012, the Company executed a memorandum of understanding under the terms of which the parties agreed that the Company would acquire Boletus. On 12 March 2013 the Company executed the Acquisition Agreement, pursuant to which, subject to Admission, the Company shall acquire Boletus (which will become a wholly owned subsidiary of the Company) and as consideration will issue the Consideration Shares.

Since September 2012, Boletus has funded various expenses of the Company, including professional expenses incurred by the Company in relation to Admission. In addition, Boletus has advanced to the Company the Boletus Loan, to fund the urgent working capital requirements in relation to the Mill's construction in Côte d'Ivoire.

The results in previous years reflect the modest sales from the nursery whilst operating costs have primarily related to finalising the planting programme and the capitalization of infrastructure costs associated with land preparation and concrete works for the Mill site. The Company recognises the value of biological assets in its Balance Sheet based on the quantity (acreage) of Company estates from the planting programme along with the maturity of these plants.

In the 2013 financial year the most significant project will be the Mill construction programme. The Mill arrived at the Abidjan port in March 2013 and construction is expected to take place over a 7-8 month period with first production by the end of 2013. The real benefits of the Mill will only begin to be realised in 2014. The Company believes the window of 4-5 months between the Mill commencing production and the high production period commencing in March 2014 provides a period to develop, consolidate and refine the logistics programme associated with collecting FFB from small holders to ensure its processes and systems are working efficiently before large scale production commences.

Since the date of the financial statements the Group has withdrawn approximately FCFA 605m (approximately €920,000) mainly as payments for civil works being undertaken on the Mill Site. In January 2013, Biopalm matched investments made by the Company by investing €200,000 as equity in CSDS.

The Company also intends to plant a further 500 ha at the Ayenouan site in late 2013 and, subject to funding, preparations will commence at the end of 2013 to establish a new nursery at Guitry to support a 2014 planting programme of 1,000 ha at this site. The Company also intends to continue planting in 2014 at Ayenoaun as part of its medium terms strategy to have approximately 6,000 ha of Company estates to provide FFB feedstock together with the 27,000 ha of contracted small holders for the Mill.

Given the construction phase is expected to commence shortly and is intended to be funded by the bank facilities arranged for this purpose along with the IPO proceeds, the Directors are therefore confident about the long terms prospects for the Group.

Save as disclosed in this Part I and the risk factors in Part II of this Document, there have been no significant trends concerning the development of the business of the Company, and there are none that the Directors are aware of that will have a material impact on the current financial year.

21. Admission, Settlement, Dealings and CREST

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is conditional upon completion of the Placing. It is expected that Admission will become effective and that dealings will commence on 18 March 2013.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at his direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Depositary Interests allow paper stock in certain non-UK jurisdictions to be dematerialised and settled electronically through CREST. The paper-based stock is transferred to a nominee company that then issues the Depositary Interests to the individual shareholders CREST account on a one-for-one basis and provides the necessary custodial service. The Depositary Interest can then be traded and settlement will be within the CREST system in the same way as any other CREST security.

The Company has adopted the Depositary Interest facility operated by the Depositary so that Shareholders have the choice of whether they want to hold their Ordinary Shares in certificated or uncertificated form. Shareholders who elect to hold their Ordinary Shares in uncertificated form through the Depositary Interest facility will be bound by the terms of a deed poll, the terms of which are set out in paragraph 9.1 of Part VI of this Document.

The Company's share register, which will be kept by the Registrar, will show the Depositary as the holder of the Ordinary Shares represented by Depositary Interests but the beneficial interest will remain with the Shareholders who will continue to receive all the rights attaching to the Ordinary Shares as they would have if they had themselves been entered on the register. The Depositary Interests will be traded and settled via the CREST system. Shareholders can withdraw their Ordinary Shares back into certificated form at any time using standard CREST messages.

Conversion into and transfers of Depositary Interests are subject to stamp duty or stamp duty reserve tax, as appropriate, in the normal way.

Further information regarding the depositary arrangement and the holding of Ordinary Shares in the form of Depositary Interests is available from the Depositary, Computershare Investor Services PLC. The Depositary may be contacted at The Pavilions, Bridgwater Road, Bristol BS13 8AE, or by telephone on +44 (0)870 703 0027.

22. Lock-in, Orderly Market Arrangements

As at the date of this Document, the Directors and certain existing Shareholders (the “Locked-in Parties”) own 879,569,040 Ordinary Shares representing 67.65 per cent. of the Enlarged Share Capital, and warrants to acquire a further 24,700,457 Ordinary Shares at the Placing Price. The Locked-in Parties have undertaken to the Company, Beaumont Cornish and Optiva that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission or the date the Mill becomes operational, whichever is later. The Directors and some of the existing Shareholders have further agreed that they will, for a further period of 12 months and 6 months, respectively, thereafter, be subject to orderly market arrangements during which time they will only dispose of their Ordinary Shares after having regard to the advice of Beaumont Cornish and Optiva.

Further details of the lock-in and orderly market agreements are set out in paragraph 12 of Part V of this Document.

23. Relationship Agreement

On Admission, Youval Rasin, a Director, and his connected parties will own approximately 31 per cent. of the Company’s issued Shares. Youval Rasin has therefore agreed to give an undertaking to the Company to ensure the independence of the Company.

Youval Rasin has entered into a substantial shareholder’s agreement with the Company pursuant to which he agrees that any transactions between himself and the Group will be on arm’s length terms. He agrees that, and he will procure that, each of his connected parties will not act in a way that compromises the Group from carrying on its business independently, will exercise any voting rights to ensure the provisions of the agreement are observed and that the articles of association are not altered in a way that would compromise the Company’s ability to carry on business independently and that they will abstain from voting in any general meeting of the Company on any resolution concerning any transaction between the Group and themselves or involving a conflict of interest between the Group and themselves. Youval Rasin agrees that for so long as he holds at least 20 per cent. of the issued shares of the Company this agreement shall remain in force.

24. Bribery Act 2010

The Company has adopted the following policy in connection with the Bribery Act 2010:

The Company has adopted a bribery policy in connection with the Bribery Act 2010 under which it confirms its zero-tolerance approach to bribery and corruption. Under the bribery policy, the Company has confirmed its commitment to implementing and enforcing effective systems to counter bribery and to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates.

The policy prohibits all forms of inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. The policy further prohibits all forms of facilitation payments or “kickbacks”.

The bribery policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors or any other person associated with the Company or the Enlarged Group or their employees, wherever located (the “Workers”). Each Worker is responsible for the prevention, detection and reporting of bribery and other forms of corruption. Each Worker is required to notify the Company as soon as possible if he believes or suspects that a conflict with the policy has occurred, or may occur in the future. The policy sets out examples of bribery or corrupt practices of which the Workers should be mindful.

The bribery policy provides that any employee breaching the policy is liable to disciplinary action, which could result in their dismissal for gross misconduct.

25. Share Option and Warrant Arrangements

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the executive management team. The Directors also recognise the importance of employees being well motivated and identifying closely with the success of the Group. To this extent, the Company adopted a share option plan in November 2012 under which options over a total of 16,680,930 new shares of the Company are current, valid and outstanding. Further details of the options granted pursuant to this scheme are set out at paragraph 3.8 of Part VI of this Document.

The Directors intend to consider the establishment of a new share option scheme for the benefit of the Group's employees following Admission. Any options to be granted under these share option arrangements will be at the discretion of the Company's Remuneration Committee.

On 20 February 2013, the Company constituted a warrant instrument and granted warrants to subscribe for up to 33,317,674 Ordinary Shares at the Placing Price, exercisable until 20 February 2018. Further details are set out in paragraph 3.16 of Part VI of this Document.

In addition, the Company has also granted warrants to Optiva to subscribe for 10,700,000 new Ordinary Shares at the Placing Price exercisable during the 3 year period following Admission.

26. Taxation

Information regarding taxation is set out in paragraphs 12 and 13 of Part VI of this Document.

27. The Takeover Code

The Company is not resident in the UK, the Channel Islands or the Isle of Man and is therefore not subject to the Takeover Code. As a result neither a takeover of the Company nor certain stake-holding activities of a Shareholder would be governed by the Takeover Code.

However the Articles contain certain regulations which provide that, except with the consent of the Directors, when any person acquires shares in the Company which carry 30 per. cent. or more of the voting rights of the Company, or any person who, together with persons acting in concert with him, holds not less than 30 per. cent. but not more than 50 per. cent. of the voting rights, increase his percentage of the voting rights, then such person shall be required to extend an offer to the holders of all the issued shares in the Company. Such offer must be conditional only upon the offeror having received acceptances resulting in the offeror (and persons acting in concert with it) holding more than 50 per. cent. of the voting rights.

While the Articles do not provide the full protection of the Takeover Code, the above-mentioned regulations will be enforceable by the Company (acting by its Directors) against Shareholders. The Articles further provide that Shareholders acting in breach of the takeover regulations in the Articles will not be entitled to vote at a general meeting of the Company, and no distributions shall be made on the default shares. The Company would need to take any further action to enforce such regulations in the courts of Cyprus without guarantee that any such action would be successful or any certainty as to the amount of the costs that the Company might incur in connection with any said action.

However, investors should note that the Takeover Panel is currently carrying out investigations that may require foreign registered companies to be subject to the Takeover Code in certain circumstances in the future. If such proposals are implemented, the Company may become subject to certain provisions of the Takeover Code.

Takeover protection under Cypriot Law

Cyprus implemented the Takeover Directive by Law No. 41(I)/2007, as amended by law No. 47(I)/2009 (the "Takeover Bids Law"), which contains provisions relating to mandatory offers requiring any person (i) who acquires shares in a company to which such law applies, which together with the shares already held by him and by persons acting in concert with him, carry 30 per cent. or more of such company's voting rights; or (ii) whose existing holding represents 30 per cent. or more than 30 per cent. but less than 50 per cent. of the voting rights and intends to increase its holding to make a general offer for that company's entire issued share capital.

Pursuant to section 3(2) of the Takeover Bids Law applies only in respect of a takeover bid for the securities of a company registered in Cyprus and all or part of the securities subject to the takeover bid are admitted to trading on a regulated market in Cyprus. While the Company is registered in Cyprus, the Ordinary Shares will not be admitted to trading in any regulated market in Cyprus. Accordingly, notwithstanding the requirements of the Takeover Directive, it appears there would currently be no requirement under Cypriot law or regulation for any person acquiring control of the Company to make an offer to acquire the Ordinary Shares held by other holders.

The Cyprus Companies Law, Cap. 113 (as amended) contains provisions in respect of squeeze out rights. The effect of these provisions is that, where a company makes a takeover bid for all the shares or for the whole of any class of shares of another company, and the offer is accepted within four months after the making of the offer by the holders of **not less than 90 per cent.** in value of the shares concerned, the offeror can upon the same terms acquire the shares of shareholders who have not accepted the offer, unless such persons can, within one month from the date on which the notice was given, persuade the court not to permit the acquisition. If the offeror company already holds more than 10 per cent. in value of the shares concerned, additional requirements need to be met before the minority can be squeezed out. If the company making the take-over bid acquires sufficient shares to aggregate, together with those which it already holds, more than 90 per cent. then, within one month of the date of the transfer which gives the 90 per cent., it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of the notice, require the bidder to acquire their shares and the bidder shall be bound to do so upon the same terms as in the offer or as may be agreed between them or upon such terms as the court may order.

Pursuant to the **Directive 2004/25/EC** (Takeover Directive), the percentage of voting rights conferring “control” is to be determined by the rules of the member state in which the company has its registered office. As the relevant Cypriot provisions are expressed to apply only to companies listed on a regulated market in Cyprus (save that Cyprus law applies to such matters as information of the personnel of the company under acquisition and on matters of corporate law, particularly as regards the percentage of voting rights which are required for acquiring control and the exemptions of the obligation to submit a public offer as well as the terms subject to which the board of directors of the company under acquisition could take action which is capable to frustrate the public offer) there is no requirement under Cypriot law or regulation for making a mandatory offer for the Company.

Your attention is drawn to the risk factors in Part II of this Document, the financial information in Part IV of this Document, the Material Contract Summaries in Part V of this Document and the additional information in Part VI of this Document.

PART II

RISK FACTORS

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK

Prospective investors should be aware that an investment in the Company involves a high degree of risk. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

In addition to all other information set out in this Document, potential investors should carefully consider the risk factors described below, which are not set out in any particular order of priority, before making a decision to invest in the Company. If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the price of the Company's shares could decline and investors could lose all or part of their investment.

This Document contains forward-looking statements that involve risks and uncertainties. The Group's results could actually differ materially from those anticipated in the forward looking statements as a result of many factors, including, without limitation, the risks faced by the Group, which are described below and elsewhere in the Document. The risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in any order of priority. Additional risks and uncertainties not currently known to the Directors or which they currently believe to be immaterial may also have an adverse effect on the Group's business. Any one or more of these risk factors could have a materially adverse effect on the value of the Group and should be taken into consideration when assessing the Company.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this Document. No representation is or can be made as to the future of the Group and there can be no assurance that the Group will achieve its objectives.

1. Risks relating to the business and operations of the Company

Construction of Mill Delayed or Suspended

DekelOil Côte d'Ivoire has executed the Modipalm Construction Agreement for the engineering, manufacturing, delivery and installation of a palm oil extraction facility (the "Mill") in Côte d'Ivoire. Further, DekelOil Côte d'Ivoire has executed the Boilermech Supply Agreement for the supply of the boiler to be used by the Mill.

Delivery of the Mill by Modipalm is however subject to the Group securing all necessary consents and approvals, and completing all necessary public and civil works in relation to the Mill prior to construction commencing. To this end DekelOil Côte d'Ivoire has concluded the Earth Works Agreement (in relation to earth work at the site including construction of the access road to the Mill Site), and is in the process of executing the Civil Works Agreement (for completion of the civil and public infrastructure works).

If for any reason the civil or public works are not completed on time, or if any Government or regional consents and approvals are not received or are revoked, there may be a material delay in Modipalm completing construction of the Mill. Further, if Modipalm or Boilermech fail to perform their obligations under the respective agreements, or any of the equipment is defective, or is delayed entering the country, or any force majeure event occurs in Côte d'Ivoire, Modipalm's construction of the Mill could be delayed.

In addition, failure by either of the Development Banks to advance the balance of funds under the BIDC Facility or the BOAD Facility, whether due to a failure by the Group to achieve agreed milestones or satisfy agreed conditions, or as a result of commercial pressures on either Development Bank, may result in construction of the Mill being delayed, or even suspended due to lack of project finance.

If construction of the Mill is delayed for any reason – whether beyond the Group’s control or not – the Group’s business strategy will be negatively affected as it will not achieve material revenue and turnover from production of and sales of palm oil until the construction of the Mill is completed and it is fully operational. Further, any delays are likely to lead to an increase in costs, with a corresponding adverse impact on the Group’s working capital.

Civil War, Change of Political regime or Political unrest

All of the Group’s operations are outside of the UK and, accordingly, there are a number of risks over which it has little control. The Group may be adversely affected by war or other material changes in economic, political, judicial, administrative, taxation or other regulatory matters, in the areas in which the Group operates and holds its major assets.

In particular, there has been significant political unrest in Côte d’Ivoire over the previous 20 years, most notably a civil war in the country between 2002 and 2004, which led to the country being split in two between insurgents in the North of the country and forces loyal to the former-President in the South. Hostilities commenced again in February 2011 before the former President was captured and removed from office – with the assistance of UN (and in particular French forces) in April 2011. Any outbreak of hostilities in the country – or significant political unrest – will materially impact on the business and operations in the country. In particular, the Development Banks, Modipalm, or any other supplier or partner of the Group may cite a *force majeure* event and rescind agreements, or fail to perform services, that are crucial to the success of the Group. In particular, construction of the Mill may be delayed or suspended, and key employees may feel unable to continue with operations in the country.

Whilst the Group will make every effort to ensure it has suitable disaster management systems in place, and as appropriate robust commercial arrangements, there is a risk that the Group’s activities are adversely impacted by civil war or a change in government and or President (whether peacefully at the ballot box or following violence or war). Not only will such a change potentially make the country unstable (affecting the capacity of the Group to operate), but such changes may result in shifts or changes in economic and political policies such as the imposition of additional taxes and charges, cancellation or suspension of licences or contracts, expropriation, and changes to laws governing palm oil production, processing and export operations.

There is also the possibility that the terms of any licence or contracts the Group holds (including favourable tax provisions in the Investment Approval) may be changed.

Rural Land in Côte d’Ivoire is Unregistered and often Unregulated

Unlike in the United Kingdom or other developed economies, the majority of land in Africa, and in particular in Côte d’Ivoire is unregistered land, with limited or no formal records available to establish title to land or property. In Côte d’Ivoire nearly all land outside the main urban centres is unregistered. Although the land covered by the Mill Site (comprising 42 ha) is registered, the land covered by the Company Estates and the Guitry Land is unregistered. Therefore, although the Group is taking measures to register their leasehold interests, at this time land ownership rights of counter-parties is established through customary and tribal law. If for any reason the rights of the lessors in relation to the Company Estates or the Guitry Land are successfully challenged, the Group will have to negotiate new arrangements with the relevant successors in title. Should the Group be unable to reach an agreement with such successors in title the Group will lose access to such material assets which would have a corresponding and material adverse effect on the revenue and financial prospects of the Group. The Directors are not aware of any reason why there would or could be a successful challenge.

Investment Approval and Tax Benefits

The Group’s subsidiary, DekelOil Cote d’Ivoire, was granted the Investment Approval which authorises the company to carry out specified activities and defines the conditions under which DekelOil Cote d’Ivoire will be granted tax exemptions and tax incentives in connection with its investments in Cote d’Ivoire. While the Directors remain committed to satisfying the terms of the Investment Approval by 4 June 2013, any breach of such terms may result in the Group’s tax benefits in Cote d’Ivoire being withdrawn. As a result, the Group would incur additional expenses in carrying out its business plans which would have a direct effect on the Group’s profitability. However, investors should note that the Company could continue to operate should this Investment Approval not be granted.

VAT Exemptions

The Group's indirectly owned subsidiary, DekelOil Côte d'Ivoire, was granted the Investment Approval which entitles the company to certain tax benefits if specified conditions are fulfilled by the Company. While the Directors remain committed to satisfying the terms of the Investment Approval by the specified deadlines, any breach of such terms may result in the Group's tax benefits including the VAT exemption in Côte d'Ivoire being withdrawn. As a result, the Group would incur additional expenses in carrying out its business strategies which would have a direct effect on the Group's profitability. However, investors should note that the Company could continue to operate should this Investment Approval be withdrawn.

Joint Ventures

The Company has entered into the joint venture with the Siva Group, and may enter, into additional joint ventures in due course. There is a risk that a joint venture partner does not meet its obligations and the Company/Group may therefore suffer additional costs or other losses. It is also possible that the interests of the Company/Group and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Group may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.

Specifically in relation to the joint venture with the Siva Group, the Siva Group has certain rights under the Siva Investment Agreement which allows them to veto certain proposed actions by DekelOil Côte d'Ivoire. This could adversely affect DekelOil Côte d'Ivoire's revenues and profitability. Further details of these rights are set out in paragraph 2 of Part V of this Document.

Terms of Ayenouan Agreements and Coopalen Supply Agreement

Due to the number of Ayenouan Agreements that have been entered by the Group, and the lack of a central database in Côte d'Ivoire confirming land ownership and rights, the Company has not verified that every single Ayenouan Farmers has the right to enter their respective Ayenouan Agreements. Further, the Company has not confirmed, and it is impractical to confirm, that each member of the Cooperatives has the relevant land rights required to meet their obligations under the relevant Ayenouan Agreements. If a material number of Ayenouan Farmers do not have the required rights to supply the Group with FFB – despite executing Ayenouan Agreements – the Group's revenue and profitability would be negatively impacted, and there may be excess capacity at the Mill.

Under the Ayenouan Agreements and the Coopalen Supply Agreement, local smallholder farmers interested in approximately 27,000 ha of palm oil plantation will initially be the sole suppliers of FFB to the Mill once it is operational. Furthermore, whilst the Ayenouan Agreements and the Coopalen Supply Agreement provide for the FFB to be supplied to the Group, those agreements are not specifically stated to be exclusive. Currently, the business strategy of the Group estimates that these local farmers will provide between 180,000 to 220,000 tns of FFB to the Mill in 2014 (the expected first year of operations). As the initial supply of FFB is not from estates owned and controlled by the Group, failures in the harvesting process, disputes with the Ayenouan Farmers, or lower yields from the estates than expected (for any reason) will mean that the Mill processes less FFB (and produces less crude palm oil) than anticipated in 2014, reducing the revenue and profits from such activities. Until such time as the Company Estates are sufficiently mature to provide the Mill with FFB, the Group is reliant on third parties and supply chain issues beyond the control of the Group may adversely affect the operations of the Mill and accordingly the Group as a whole.

Group Debts and Existing Security

Construction of the Mill is being funded primarily through draw-down by the Group of the Development Loans. Further, the Diamond Bank Facility and Diamond Bank Overdraft provide additional funds for working capital, and in particular to build up the Group's fleet of vehicles required for transportation of the FFB from the Ayenouan Farmers and the Coopalen Cooperative to the Mill. As a condition of the credit arrangements, each of the Development Banks, and Diamond Bank has been granted security over the assets of the business and associated insurances thereon, as well as a pledge over future FFB supplies and palm oil produced. The terms of the credit provided to the Group are, in the Directors' view, reasonable and reflect industry standard terms for similar projects in West Africa. If the Group breaches the terms of any facility agreement, or the terms of any mortgage or pledge in favour of the lenders, the loans advanced could become repayable on short notice. The Group would not be able to repay any of the loans until operations at the Mill, and until production and sale of palm oil, are producing sufficient distributable profits

for repayment, or until suitable refinancing of such credit arrangements is available to the Group. If the Group could not repay a loan that was required to be repaid, the lenders would seek to enforce the terms of the security granted to them, and the Group could lose control of material assets and/or revenue streams, adversely affecting the operations and revenue of the Group in Côte d'Ivoire. The security relevant to the above is the (i) pledge of equipment sourced from the Development Loans in favour of the Development Banks, (ii) pledge of the transport equipment in favour of Diamond Bank to the extent of the equipment financed by the Diamond Bank Facility, (iii) pledge of future stock of palm oil products in favour of Diamond Bank as security for the Diamond Bank Overdraft and (iv) the two LaLoyale bank guarantees issued in favour of the Development Banks (as security for the Development Loans) which is secured by a pledge of future stock of FFB.

Members unable to Finance their contributions to increased plantation programme

Under the terms of the Ayenouan Agreements, subject to relevant conditions being satisfied, the Group is to be granted a 40-year lease over the land held by the Ayenouan Farmers. As a condition of the lease, the Group, together with the Ayenouan Farmers, is required to invest in the Ayenouan Project to upgrade the estates, and conduct a plantation programme to increase the yield per hectare from the land. If any of the Ayenouan Farmers are unable or unwilling to part-finance these improvements, the yield from such land will remain low unless the Group sole-funds the relevant improvements and planting programme. Although the Group would step in and fund these improvements in practice, if it was unable to for any reason, any continued low yield, or increased costs borne solely by the Group will potentially have a negative impact on the operations and performance of the Group.

Increased cost of achieving palm oil production and sales

The Group has engaged Modipalm and Boilermech on a "turn-key" basis, and as such does not believe there are circumstances where the capital cost of the Mill Project can or will materially increase, save in the event of a force majeure event, material delay, additional changes of local authorities, insolvency or material breach of contract by the Group's counterparties, in particular but not limited to Modipalm and Boilermech. Further, the Group has secured the necessary funding for vehicles to provide logistics in-country for the transportation of FFB to the Mill, and has fully budgeted the relevant labour and management costs associated with the FFB purchase, transportation and milling process, and the costs associated with the production, storage and sale of palm oil. Prices of FFB acquired by the Group, and crude palm oil sold by the Group, are fixed by relevant industry groups. If however, the costs incurred by the Group at any stage of construction or of its crude palm oil production cycle materially increase (including where the project is subject to delays), the Group will have insufficient cash to achieve its business strategy, and further funding will be required before the Group reaches profitability and is self-sufficient on a cash-flow basis. There can be no guarantee that in such circumstances funding will be available or what the terms of such funding will be, and the shareholders of the Company could be subject to equity dilution, or the Group could have its interest in the Project diluted.

Delays completing construction of Effluent Treatment Facility

Installation of the Effluent Treatment Facility is a key recommendation of the ESIA. Further, installation is a condition of the Environmental Consent, and is part of the agreed schedule of works in relation to the Development Loans. As at the date of this Document the Group has not appointed a contractor for construction of the Effluent Treatment Facility. The Group expects to complete the required tender process by the end of March 2013. It is key to the Group's business strategy that the Effluent Treatment Facility is completed and available by the time construction of the Mill is completed (expected to be by the end of 2013), and in time for processing of FFB to commence in 2014. Whilst the Group has capacity to store untreated effluent water at the Mill Site for a short period of time, if the Effluent Treatment Facility is subject to material delays before it is operational, processing at the Mill would have to be suspended. The Directors are not aware of any reason why the Effluent Treatment Facility could not be completed to coincide with completion of the Mill construction, but any delays would have a negative impact on the Group's business strategy.

Environmental Risk of Effluents and Polluted Water

Processing FFB produces effluent waste water. Whilst the Group is committed to maintaining high standards to mitigate the impact of the Mill on the local environment, and is committed to construction of the Effluent Treatment Facility to treat all waste water, if any untreated water is released by the Group by

accident, or for health & safety reasons, the damage to local water supplies could cause the Group to suffer extensive liabilities in the clean-up process. Further, such an event could cause the Environmental Consent to be withdrawn, or the Development Loans to become repayable at short notice, or the Group to attract negative publicity and stigma in Côte d'Ivoire, or where key investors are based. All of the above consequences would have a material negative impact on the Groups operations in Côte d'Ivoire.

No history of crude palm oil production

The Group has no history of palm oil production upon which prospective investors may base an evaluation of the likely performance of the Group. An investor in the Ordinary Shares must rely upon the ability of the Group's management to complete construction of the Mill and commence profitable palm oil production. The cash operating costs, and revenue estimates are based upon financial forecasts which are calculated with reference to current market value for palm oil, current labour rates, anticipated capital outlay and cost of finance. As a result, it is possible that actual cash operating costs and economic returns may differ materially from those estimated.

Implementation risk

The Group is currently developing its growing and processing facilities and future success will depend on the Directors' ability to successfully implement and then manage the current projects and to take advantage of further opportunities which may arise.

Furthermore the Group currently has no assets producing positive cash flow and its ultimate success will depend on the Directors' ability to implement the strategy outlined in this Document, generate cash flow from the Mill, and access equity and debt financing markets as the Company grows and develops. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group will not generate any material income until production has successfully commenced and in the meantime the Group will continue to expend its cash reserves. As such, significant delays in the commencement of positive cashflow from the Mill could have an adverse affect on the Group's financial position.

Infrastructure, Local Resources and Capital Equipment

The Group is reliant upon the local infrastructure in its operations. There is a risk that the infrastructure used by the Group may not always be available, may be in poor condition or may be subject to additional government regulation or restriction. In planning the Group's projects the Directors have factored the current state of infrastructure, particularly in relation to communication and transport, however it may have a greater impact on the Group than anticipated, and the Group's prospects may be materially and detrimentally affected as a result.

Additionally, the Group's projects will be reliant on the availability of suitable local resources, and the ability of the Group to source, transport and install capital equipment. This includes agricultural inputs and the Mill which is currently under construction. There can be no assurance that the suppliers of local resources or capital equipment will deliver it to the Group within the expected timeframes and any such delays or non-delivery may adversely affect the business of the Company and consequently its financial position.

At Admission, the Group will not have its own port facilities in Ivory Coast, and has not at the date of this Document agreed any terms for third party operators to provide access. Whilst the Directors are confident that terms will be agreed and that relevant port facilities will be sourced on reasonable terms, there can be no guarantee that port facilities will be sourced, or that the terms agreed will be fair and reasonable and in line with the Company's expectations. Failure to source any, or sufficient port facilities, or if the terms are onerous and/or expensive, will negatively impact on the Company's business and profitability.

Logistical Risks of Coordinating Timely supply of FFB to the Mill

The Company and the Mill's operations and revenues are dependant on the continuous and timely supply of FFB to the Mill for processing. This will require precise coordination between the Mill, the agricultural/FFB suppliers (including the Ayenouan Farmers), the harvesting of the FFB and its transportation to the Mill. Any failure to implement and operate appropriate logistic operations in relation to the above will result in insufficient or delayed supply of FFB to the Mill which will impact the Palm Oil production by the Mill and will adversely affect the Company's revenues.

Reliance on Third Party Suppliers of FFB

Under the Ayenouan Agreements and the Coopalen Supply Agreement, local smallholder farmers interested in approximately 27,000 ha of palm oil plantation will be the initial sole suppliers of FFB to the Mill once it is operational. Currently, the business strategy of the Group estimates that these local farmers will provide between 180,000 to 220,000 tn of FFB to the Mill in 2014 (the expected first year of operations) and the Mill will operate at approximately 60 per cent. of its full capacity. As the initial supply of FFB is not from estates owned and controlled by the Group, failures in the harvesting process, disputes with the Ayenouan Farmers, failure to comply with any commitments or lower yields from the estates than expected (for any reason) will mean that the Mill processes less FFB (and produces less crude palm oil) than anticipated in 2014, reducing the revenue and profits from such activities. Until such time as the Company Estates are sufficiently mature to provide the Mill with FFB, the Group is reliant entirely on third parties and supply chain issues beyond the control of the Group may adversely affect the operations of the Mill and accordingly the Group as a whole. In addition to the above, in the event that the quality of FFB supplied by the Ayenouan Farmers is not of the anticipated grade, the revenues and profits of the Group may be adversely affected.

Any fluctuations or shortfalls in the FFB quantities and quality produced by the Company Estates and/or the Smallholder Land (which, amongst other things, is dependent on the variations in climate) can have an adverse effect on the Company's revenues.

Implementation Risk in relation to transportation of FFB

FFB supplied by the Ayenouan Farmers and Cooperatives will be collected and delivered to the Company by contract workers, using vehicles leased in Côte d'Ivoire by the Company. At the date of this Document, the Company has not leased or otherwise acquired the necessary vehicles, or engaged with the contractors. Failure to source and acquire or lease sufficient vehicles or engage contractors to collect the FFB will impact on the processing of oil palm at the Mill and the Company's revenue.

2. Risks related to Palm Oil Industry

Commodity and CPO Prices

The Group's earnings will be largely dependent on the prices of the commodities which it will sell. These fluctuate due to factors beyond the Group's control, including world supply and demand. The price of vegetable oils depends on the production levels of all edible oils as many oils, including palm oil, are substitutable by users to various degrees. In particular, the price of CPO is volatile and is influenced by factors beyond the Group's control. These factors include the global supply and demand of CPO, petroleum oil prices, exchange rates, interest rates, inflation rates and political events. A significant prolonged decline in the CPO prices could impact the viability of some or all of the Group's activities. Additionally, production from geographically isolated countries may be sold at a discount to current market prices. To offset price risk, the Company may, from time to time, enter into hedging contracts in respect of its future CPO production.

In addition, the price of CPO may be adversely affected by import taxes and 'duty' that can be increased by countries (as has recently been witnessed in France and India). This will have an adverse effect on the sales price of CPO and revenue generated by the Group.

Consumer markets

World economic conditions have altered, and may affect, the performance of the Group. Factors such as inflation, interest rates, currency fluctuation, the price of fuel, income growth and the rate of population growth could affect the economic growth of the markets into which palm oil products are ultimately sold and, therefore, the performance of the Group.

Agricultural risk

Whilst the DekelOil Nursery has acquired its plants from sources where the crop is immune to Fusarium Wilt (a vascular wilt fungal disease that affects palm oil plants), other suppliers to the Group (including the Ayenouan Farmers and the Coopalen Cooperative) may have plants that are currently susceptible to the disease. Further, as in any agricultural operation, there are risks that crops may be affected by pests, diseases and weather conditions. Agricultural best practice can to some extent mitigate the risk of

outbreaks of pests and diseases but such risks cannot be entirely removed. Palm oil trees are naturally irrigated. Abrupt changes in weather patterns can impact the yields of fresh fruit bunches on the trees. There is the possibility of adverse climatic conditions including lightning strikes, lack of rainfall, excessive rainfall and insufficient sunshine.

Unusually low levels of rainfall that lead to water availability below the minimum required for the normal development of the palm oil tree may lead to a reduction in subsequent crop levels. Such a reduction is likely to be broadly proportional to the size of the cumulative water deficit. Over a long period, crop levels should be reasonably predictable but there can be material variations from the norm in individual years. Any variations / reductions in annual rainfall levels can have an adverse impact on FFB yields from the Company Estates and the Smallholder Land.

The Company will not maintain insurance for any loss of its plantations due to natural disasters or other similar causes due to insurance not being available for these purposes.

Plant species

The Group uses higher yielding clonal species sourced from CRNA, with an immunity to Fusarium Wilt, at its DekelOil Nursery, and planting programme at the Company Estates. There is no guarantee as to the long term FFB yields on such trees.

Expansion risk

The Group intends to pursue an aggressive growth strategy including, subject to the availability of funding, the acquisition of additional land parcels to significantly increase the plantable area held by the Group. Such a strategy brings with it certain risks and will place additional demand on the Group's management, financial and operational resources. If the Group is unable to manage its growth effectively, its business, operations or financial condition may deteriorate.

There can be no assurances that the Group will be able to identify, complete and integrate suitable acquisitions successfully. The Group may incur significant costs in assessing suitable businesses which ultimately may not be acquired. Acquiring new businesses can place significant strain on management, employees, systems and resources and can take significant time to negotiate with all relevant parties. Additionally the acquired businesses may not perform in line with expectations to justify the expense of the acquisition or may not be readily integrated with the Group's existing business structures and as such may not provide the envisaged synergies and associated cost savings.

Environmental risk and potential adverse media coverage

The Group operates on land areas zoned for agricultural purposes by the relevant government authorities in Côte d'Ivoire. All necessary environmental consents and approvals have been received from the relevant Côte d'Ivoire authorities, however there is a risk that western environmental groups may criticise the Group. The Directors hope that conservation groups take a positive view of the Group commitment to sustainable palm oil development.

Palm oil production has historically been associated with deforestation and a reduction in local wildlife due to the clearing of land required for palm oil plantations, processing facilities and infrastructure required for the successful farming and refinement of palm oil. The public perception of palm oil and/or the Group may be prejudiced by the actions of an unrelated company over which the Group has no influence or control, and the Group's financial position may be adversely affected as a consequence. Whilst the Group's operations are conducted in an environmentally sensitive manner and indeed that their focus is on cultivating previously cultivated land, the Group cannot compel local partners, small holders and trading entities to conduct their businesses in a similar fashion.

Concentration risk

The Group's activities are concentrated on palm oil production and in Côte d'Ivoire. Therefore any events affecting palm oil production and Côte d'Ivoire may have a greater impact on the Group than its competitors who may have greater financial resources or a more diversified business model.

Crude palm oil is a volatile commodity

The Group's principal product is CPO. CPO is a commodity and hence affected by levels of world economic activity. As such, the Group is highly exposed to the traded market price of CPO. Over the last ten years, CPO has experienced considerable volatility. The profitability and cash flow of the Group depends upon global CPO prices and upon the Group's ability to sell its produce at price levels comparable with such prices globally. Market prices for palm oil are influenced by a number of factors which are interrelated and sometimes unpredictable (like changes in weather or political decisions) and could cause intense price volatility in the world market. Principal price determining factors include:

- world demand for and supply of vegetable oil, specifically palm oil;
- world demand for and supply of other vegetable oils, most notably soybean oil and rapeseed oil;
- price of crude mineral oil and biofuels;
- the import and export tariff regime in end user countries such as India and China;
- prices of other vegetable oils;
- economic developments as well as population growth, per capita consumption and food demand; and
- weather conditions and other natural influences.

Markets for CPO

The Group intends to sell the CPO it produces to African and European markets. Any inability to sell its CPO to these markets as planned could reduce the sales price and as such could reduce the Group's revenue and profitability. In addition, if the Group was left with excess CPO that it was unable to sell it may be forced to sell this at much reduced prices further reducing profitability.

Competition in the markets in which the Group operates is expected to increase in the future

Existing and potential competitors may have significantly greater financial, research and development, sales and marketing, personnel and other resources than the Group. In particular, the palm oil market has a small number of dominant industry leaders, particularly in West Africa. Any pressure from such leaders on parties not to sell FFB to or otherwise deal with the Group could have a material adverse effect on the Group's revenue and profitability.

Competition may also result from increases in processing capacity of existing competitors. Any such increases in processing capacities would adversely affect availability of FFB from suppliers. Furthermore, an increase in competition could result in FFB suppliers demanding prices higher than the AIPH Price. This could have an adverse effect on the Company's revenues.

Company will require future capital to expand operations

- The Group's future development plans (including the development of Guitry) may require additional funds to be raised. The Group may require further cash resources in the future due to, *inter alia*: significant new land acquisition, leading to increased capital expenditure; or
- an inability to source additional debt finance to develop its operations.

Accordingly, the Group cannot be certain of its future financing needs or that suitable financing will be available in amounts or on terms acceptable to the Directors. The Group's future capital needs, and other business reasons, could require the Group to issue additional equity or obtain additional credit facilities. If additional equity or equity-linked securities were to be issued, this may result in dilution for Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict the Group's operations or the Group's ability to pay dividends to Shareholders.

Prospective investors should be aware that the Group intends to utilise borrowings in the further development of palm oil plantations. The use of borrowings creates the risk that the borrower will be unable to service the interest payments or comply with the other requirements of the loan rendering it repayable

and the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may not be as favourable as the existing terms of borrowing.

Increases in long term interest rates and levels of amortisation imposed by the Group's bankers may also have an adverse effect on the Company's profitability, although the Board may seek to manage this risk through the use of hedging instruments.

Investment risk – Influence of Substantial Shareholder

On Admission, Youval Rasin and connected parties will own approximately 31 per cent. of the Enlarged Share Capital. As a result, Youval Rasin and connected parties will be able to exercise significant control over all matters requiring approval by Shareholders, including the election of directors, approval of mergers, consolidations, sales of assets, recapitalisations and amendments to the Articles of Association. Youval Rasin may take actions with which other Shareholders do not agree, including actions that delay, defer or prevent a change of control, and which could cause the price that investors would be willing to pay for the Ordinary Shares to decline.

Foreign exchange risk

The local currency (in Côte d'Ivoire) is the FCFA which is currently pegged to the € with an exchange rate of €1 for 655.957 FCFA. A large majority of the Group's revenue and costs will be transacted in € or directly linked to the € and consequently investment in the Ordinary Shares includes an economic exposure to the €. Fluctuations in the value of € to the other currencies in which the Group may agree to transact business from time to time may materially affect the cash flows and earnings which the Group expects to realise from its operations.

In addition, as an international organisation, the Company's business transactions may not be denominated in the same currencies. To the extent that business transactions are not denominated in the same currency, the Company is exposed to foreign currency exchange rate risks. In addition, holders of the Company's shares are subject to foreign currency exchange rate risk to the extent the Company's business transactions are denominated in currencies other than pounds sterling. Fluctuations in foreign currency exchange rates may adversely affect the Company's profitability. At this time, the Enlarged Group does not plan to actively hedge its foreign currency exchange rate risk.

Although CPO is generally sold in US\$, the Enlarged Group is likely to report its results in Euros since most of its costs and investments are in Euros or linked to the Euro. In addition, part of the costs, revenue and loans of the Enlarged Group are in FCFA. The FCFA is currently linked to the Euro at a fixed exchange rate, this may change and effect the costs, revenue and loans of the Group.

Dependence on Key Personnel

The future performance of the Group will to a significant extent be dependent on key personnel. The loss of a key individual, along with personal connections or contacts of key executives, or the inability to attract appropriate personnel could materially impact the performance of the business.

Although certain key executives and personnel have entered, or will subject to Admission enter, into service agreements or letters of appointment with the Group, there can be no assurance that the Group will retain their services. The loss of the services of any of the key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

The Group's operations are labour intensive, and are carried out in jurisdictions with limited statutory health and safety guidance and training. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce related misfortunes, some of which may be beyond the Group's control.

Furthermore the Group may be unable to recruit engineers and other important members of the workforce required to maintain and run its operations. Shortages of labour, skilled workers or other human resources may cause delays or stoppages during the Group's activities and will have an adverse impact on the Company's revenues.

Reliance on Partners

The Group's business model is reliant upon the timely and full performance of third party obligations. If third parties default on their obligations then the Group's ability to generate a profit may be materially adversely affected, and may negatively effect its financial position.

The Group is particularly reliant on third party out-growers (including the Ayenouan Farmers and the Coopalen Cooperative) to produce the fresh fruit bunches to be processed through the Mill. If these out-growers, who are independent of the Group, substantially reduce or cease the supply of FFB to the Group, the Group could have excess milling capacity until alternative sources of palm oil crop could be obtained. If for any reason significant numbers of Ayenouan Farmers or the Coopalen Cooperative fail to supply FFB (or supply materially less FFB than anticipated), then the revenue and profitability of the Group will be materially affected. The risk that Ayenouan Farmers and/or the Coopalen Cooperative fail to supply FFB as anticipated increases if there is a substantial shift in the viability of palm oil production, or market perception of and/or demand for, palm oil as a commodity.

Price of FFB set by AIPH

The price of FFB in the Côte d'Ivoire is set by the AIPH, a state committee with representatives of the factories (first and second transformation), the state, and the Cooperatives. The Committee adjusts the FFB prices to changes in the CIF Rotterdam Crude Palm Oil price. The price, which is set in FCFA, is reset every month and takes into account the US\$ change in the CIF Rotterdam price plus the change in the Euro/dollar rate. As a result, the Group is dependent on the pricing set by the AIPH and any change in such pricing may materially and detrimentally affect the profitability and therefore the financial prospects of the Group.

In addition, there is a risk that such price setting mechanism may be changed in the future. Such a change could lead to an increase in the cost of FFB to the Group. Any increase in the cost of FFB would reduce the Group's profitability.

Equipment Failure

There is a risk of equipment failure due to wear and tear, design or operator error, among other things which could adversely affect the Group's business, with a consequential effect on the financial position of the group. In particular, any operational stoppages with the Mill or due to equipment failure will impact on the revenue and profitability of the Group. In addition, if the cost of maintaining the Mill, or any key equipment is materially higher than anticipated, this will have a negative impact on the Group's operations.

Valuation risk

Land within Côte d'Ivoire, especially in relation to that being acquired for development, is inherently difficult to value as there is no liquid market or pricing mechanism. There is no assurance that the estimates resulting from the valuation process, which is necessarily subjective, of any future land acquired by the Group will reflect the actual valuation even where such acquisitions occur shortly after the date of the valuation. Any material reduction in land values could impact on the carrying value reported by the Company.

3. Risks related to doing business in Côte d'Ivoire

Possible adverse economic and/or political conditions and emerging market risks

The operations of the Group may be adversely affected by general economic conditions in Côte d'Ivoire, including changes in interest rates and inflation, by conditions within the markets in which it will operate or by the particular financial condition of developers and other parties doing business with the Group. The returns, the Group's income and capital value and the value of its business will be materially affected by the political and economic climate in such country. The returns on Ordinary Shares may also be materially adversely affected by acts of terrorism in such countries, regime change, political or religious revolution, retrospective legal or administrative action or expropriation.

Impact of law and Governmental regulation

The Group, as a palm oil plantation operator, and third parties with whom the Group deals, will need to comply with the laws and regulations relating to planning, land use, development, operation and plantation standards. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's investments. Changes in law relating to ownership of land could have an adverse effect on the value of the Ordinary Shares. New laws may be introduced, which may be retrospective and affect environmental planning, land use and development regulations. Changes in law relating to ownership of land could have an adverse effect on the value of the Ordinary Shares.

The profitability of the Group will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Group's performance, as could delays caused in obtaining such consents due to objections from third parties.

The role of government and local authorities in Côte d'Ivoire's economy and their impact on producers, consumers, service providers and regulators has remained significant. There have been concerted drives towards economic liberalisation, however there can be no assurance that these liberalisation policies will continue in the future. The rate of economic liberalisation could change, and laws and policies affecting the Group may be subject to amendment. Any significant change in the liberalisation and deregulation policies could adversely affect business and economic conditions in Côte d'Ivoire, and the Group's business in particular, which could have a material adverse effect on the Group's financial position, results or operations and the market price of Ordinary Shares.

Legal Systems

Côte d'Ivoire's legal systems are less well developed than or different to those in the UK. This may result in risks such as:

- (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a higher degree of discretion on the part of governmental authorities or a lack of judicial independence;
- (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders, customs and local / tribal traditions, and resolutions. In particular the Group's rights are in some case held pursuant to the Abusan legal system, which may be difficult to enforce;
- (v) relative inexperience of the judiciary and courts in such matters; and
- (vi) difficulty in the interpretation and enforcement of licences and other contracts. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

Litigation

Legal proceedings may arise from time to time in the course of the Group's business. The Company cannot preclude the possibility that litigation may be brought against it or members of the Group. The Group's management may have to expend significant time and expense in defence of proposed, threatened, pending, or ongoing litigation, and the Group's financial position may be adversely affected as a consequence. Furthermore if the Group is successful in defending any litigation, it may be unable to recover the full costs incurred in such a defence.

Changes in taxation legislation may adversely affect the Company

Any change in the Company's tax status or the tax status of any subsidiaries of the Company, or in taxation legislation in Cyprus, Côte d'Ivoire or the UK, or elsewhere could affect the value of the Company's

investments and the Group's ability to achieve its investment objective, or alter the post tax returns to Shareholders. Statements in this Document concerning the taxation of the Group and UK Shareholders are based upon current UK tax law and practice which are in principle subject to change that could adversely affect the ability of the Group to meet its investment objective.

Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Downgrading of debt rating

Any adverse revision to Côte d'Ivoire's prevailing credit rating for domestic and international debt by international rating agencies may adversely impact the Group's ability to raise future project financing and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on the Group's financial performance and its ability to obtain financing to fund its growth on favourable terms, or at all.

Natural calamities

Côte d'Ivoire's economic growth is dependent on a substantial agricultural sector, and is consequently sensitive to rainfall levels and the continued greater profitability of palm oil production in comparison with other cash crops. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on Côte d'Ivoire's economy which could adversely affect the Group's business and the market price of the Ordinary Shares.

4. Risks related to incorporation in Cyprus

Tax implications in respect of Cyprus holding company

The Group's holding company is incorporated in Cyprus. The Directors have existing interests in Cyprus and intend to manage the holding company from there, such that it does not become resident for tax purposes in another jurisdiction. No Cyprus withholding tax should arise on any dividends paid by the Company. A non-resident person who receives dividends from a Cypriot tax resident company paid out of profits which at any stage were subjected to deemed distribution, is entitled to a refund of the tax paid because of the deemed distribution in relation to the dividend received by such person. No Cyprus tax should arise on any capital gains made on the disposal of subsidiaries, provided that the subsidiaries do not own any immovable property in Cyprus, then no capital gains tax will arise in Cyprus. Such treatment may be subject to challenge and, if challenged, there can be no assurance that it would be upheld.

Any change in the Company's tax status or in taxation legislation in Cyprus or in Côte d'Ivoire could affect the Company's ability to provide returns to Shareholders. Statements in this Document concerning the taxation of investors in Shares are subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

In order for the Company and its subsidiaries to maintain its tax efficiency, continued attention must be paid to ensure that all relevant conditions are satisfied in both Cyprus and Côte d'Ivoire to avail the companies that operate in these jurisdictions of the benefits of, for example, double tax treaties and local country requirements.

In addition if the Company or its subsidiaries were treated as having a permanent establishment or as otherwise being engaged in a trade or business, in any country in which it invests or in which its interests are managed, income attributable to, or effectively connected with, such permanent establishment or trade or business may be subject to tax.

Changes to the tax residency of the Company and other members of the Group or changes to the treatment of intra-group arrangements could adversely affect the Company's financial and operating results. In order to maintain its non-UK, and non-Israeli tax resident status, the Company is required to be controlled and managed outside the United Kingdom and Israel. The composition of the Board, the place of residence of the Directors and the location(s) in which the Board makes decisions will be important in determining and maintaining the tax residence status of the Company. While the Company is organised in Cyprus and a majority of the Directors are resident outside the United Kingdom and Israel, continued attention must be paid to ensure that major decisions are not made in the United Kingdom or Israel to avoid

a risk that the Company may lose its non-UK and non-Israeli status. In the case the Company (or the sub) would be considered as a UK or an Israeli resident for tax purposes additional tax may apply to the Company or to the Investors, which would negatively affect its financial and operating results and returns to Shareholders.

In order for the Group to maintain its tax efficiency, continued attention must be paid to ensure that all relevant conditions are satisfied in all the jurisdictions in which the Group operates to avail itself of the benefits of, for example, double tax treaties, EC Directives, local country requirements and the required residence of companies in the Group. There is a risk that amounts paid or received under intra-group arrangements in the past and/or the future could be deemed for tax purposes to be lower or higher, as the case may be, which may increase the Group's taxable income or decrease the amount of losses available to the Group with a consequential negative effect on its financial and operating results and its ability to pay dividends to Shareholders.

Any change in the tax status of any member of the Group or in taxation legislation, treaties or regulations in Cyprus, Côte d'Ivoire, Israel or any country where any Group member has assets or operations could affect the value of the assets held by the Group or affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. Any such change could also adversely affect the net amount of any dividends payable to Shareholders.

Changes in taxation legislation may adversely affect the Company

Any change in the Company's tax status or the tax status of any subsidiaries of the Company, or in taxation legislation in Cyprus, Côte d'Ivoire or the UK, or elsewhere could affect the value of the Company's investments and the Group's ability to achieve its investment objective, or alter the post tax returns to Shareholders. Statements in this Document concerning the taxation of the Group and UK Shareholders are based upon current UK tax law and practice which are in principle subject to change that could adversely affect the ability of the Group to meet its investment objective.

Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Cyprus and the EU

In light of the current elections and Cypriot request for an EU bailout, investors should be aware that legal, financial and regulatory reforms may be enacted in Cyprus which may have an adverse affect on the Company's tax charge, ability to distribute funds to Shareholders or general profitability. Should these occur then investment returns may be reduced.

5. General Risks

Investment in AIM securities

An investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's Main Market for listed securities.

Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, the original value of their investment.

Trading market for the Ordinary Shares

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including delays in construction of the Mill, unrest or political changes in Côte d'Ivoire, delayed or withdrawn credit facilities, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The value of the Ordinary Shares may fall or rise, and there is no certainty that any investor will be able to realise the amount he has invested in the Company.

Application has been made for the Ordinary Shares to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies and the rules of the AIM market are less demanding than those of the Official List. The Ordinary Shares will not be quoted on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Neither the London Stock Exchange nor the UKLA have examined this Document for the purposes of Admission.

The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List.

Insurance

The Group plans to insure the risks it considers appropriate for the Group's needs and circumstances, and in line with industry norms. However, the Group may elect not to have insurance for certain risks, either due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains and the proceeds of any insurance will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities of others for which it was not responsible. Any indemnities the Group may receive from such parties may be difficult to enforce if such parties lack adequate resources. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce, the Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Forward-looking statements

Certain statements contained in this Document may constitute forward-looking statements. Forward-looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Group and the assumptions underlying these forward-looking statements. The Group uses the words anticipates, estimates, expects, believes, intends, plans, may, will, should, and any similar expressions to identify forward-looking statements.

Any such forward-looking statement involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by any such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the expectations at the date of this Document. The Group expressly disclaims any obligation or undertakings to release publicly any updates or revisions to any forward looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to the Group, or persons acting on behalf of the Group, are expressly qualified in their entirety by the cautionary statements contained throughout this Document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

Change of control

The Ordinary Shares may be acquired by a strategic purchaser. The acquisition price may not reflect the underlying value of the assets controlled by the Company. Also, as the Company is currently unlikely to be subject to Rule 9 protection under the City Code, investors do not benefit from the protections offered by the City Code or the Cypriot equivalent.

Shareholder Taxation

The tax consequences to each Shareholder of owning Ordinary Shares will depend, *inter alia*, on tax laws in the jurisdiction in which that Shareholder is resident or domiciled. Potential investors should consult their professional advisers on the possible tax consequences of subscribing for, buying, holding, selling or transferring Ordinary Shares under the laws of their country of citizenship, residence or domicile.

The risks noted above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment described in this Document is speculative and may not be suitable for all recipients of this Document. Potential Investors are accordingly advised to consult a person authorised under the FSMA who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to them.

PART III
AGRONOMIST'S REPORT

DekelOil Public Ltd

Prepared by Bruce Crabb

Agronomy Report

12 March 2013



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DISCLAIMER

Given the short time frame of the site visit and given the significant size and number of estates, the author has only been able to inspect a sample of plantation estates to form the comments and views expressed in this report, therefore the due diligence performed should be considered desk top in nature. Whilst every attempt has been made by the writer to verify statements made by the management team of DekelOil Public Ltd, the writer has in many cases relied on management representations.

DEFINITIONS

“atm”	atmospheres
“Bruce Crabb”	tropical agronomist and writer of the agronomist's report
“the writer”	Bruce Crabb
“the Company or DekelOil”	DekelOil Public Limited
“C”	degree celsius
“co-operative”	organisation representing a specific group of small holders
“CPO”	crude palm oil
“cu.m”	cubic metre
“EFB”	empty fruit bunch
“ERP”	enterprise risk planning
“FFA”	free fatty acid
“FFB”	fresh fruit bunch(es)
“ha”	hectare
“hr”	hour
“Kg”	kilogramme
“Km”	kilometre
“Lalang”	common weed found in agriculture
“mm”	millimetre
“New Mill “ or “Mill”	60 tn/hr Palm Oil Mill under construction
“Palm Nursery”	the palm plant nursery established by the Company
“Progenies”	palm oil seed offspring
“Pueraria javanica”	a cover crop used to maintain moisture and provide nitrogen to oil palm estates
“small holder”	palm oil plantation farmer
“sq.m”	square metre
“t”, “tn” or “ton”	tonne

To: The Directors
DekelOil Limited

The Directors
Beaumont Cornish Limited

The Directors
Optiva Securities Limited

1. EXECUTIVE SUMMARY

Established in 2007, DekelOil is a 51% owner and operator of DekelOil Côte d'Ivoire Ltd, which is developing a palm oil project in the Ivory Coast.

DekelOil currently has 28,886 plantation hectares (27,000 hectares of long-term supply contracts with local smallholders, and 1,886 hectares of owned land at Ayanouan) and 24,000 hectares of expansion land, to provide feedstock for the production of crude palm oil. DekelOil has also commenced the construction works of its first 60 t/h palm oil extraction mill, expected to become operational in Q4 2013. According to Management, the Mill is expected to produce approximately 40-50,000 tons annually of CPO in the Mill's first year of operation (2014) and 70,000 tons of CPO per annum at full capacity.

In general, the south east region of Côte d'Ivoire is very suitable for oil palm development. Soils, Climate, and Topography are very compatible with typical oil palm husbandry requirements. Records indicate that annual rainfall is between 1,500 – 1,900mm which is acceptable. Importantly, the precipitation is distributed quite well throughout the year with all months receiving rainfall.

The Palm Nursery has been established to very high standards, using a range of 'high tech' materials and equipment. Seedlings being produced for field planting are from very good, modern, potentially high yielding seed, and leave the nursery as well grown, healthy and robust young palms. This is undoubtedly one of the best nurseries I have visited, and provides a very good indicator of what the management is capable of.

Of real interest at this point is that the high standards being achieved in the immature plantings to date are clear indicators of the generally good potential of the area, and the ability of management to effectively rehabilitate areas of land in many cases used for alternative crops such as cocoa.

Historical records of yield potential are somewhat unreliable, particularly for small holders as significant amounts of FFB remain unprocessed, which in turn impacts the small holders economic capacity to fertilize and maintain the plantations to deliver optimal yields. However with prudent comparison with other regions of the oil palm world with similar soil and climatic conditions, the peak yield forecast in the review for new company owned estates of 21 to 24 tn/ha are considered obtainable, provided agricultural policies are based and maintained on 'best practice' systems.

Only one set of seasonal yield swings has been seen, and while there is no way of knowing how accurate the fluctuations from month to month are, the range of 5% of annual crop in the trough (lowest) month, and 12% in the peak yielding month appears realistic, and is comparable to those recorded in many palm producing areas of the world.

Crop from the small holder's lands is planned to contribute considerably to DekelOil's early stage business. To this end, DekelOil has embarked on a programme to advise and assist farmers to improve agricultural standards and increase yields. In spite of the fact that farmers are currently at the mercy of mill operators with regards to selling their FFB, and often incur financial difficulties due to the buyers either reluctant, or unable to buy all fruit produced, it is very encouraging to see how keen the farmers are in maintaining their areas to what are, all things considered, reasonably good standards.

Currently, taking into account the estimated percentage of FFB not being purchased by existing mills (reported to be 40%), indications are that average annual yields from smallholders are more in the region of 10t/ha. When DekelOil's Mill comes on line, and smallholders are able to sell (and record) all their crop, and by which time better agricultural conditions have been introduced, there are clear indicators that annual average yields in the longer term of over 10t/ha may be achievable. However, given estimates of

FFB available for the Mill may only be estimated at a high level the writers considers there is some risk FFB quantities may be less than the Mill capacity, particularly if commercial competition increases. It should be noted the Company has taken this into account with its operating objectives where 2014 CPO production is estimated to be 40,000 – 50,000 tonnes of CPO, which is approximately 60-70% of full capacity. As additional company owned estates in close vicinity to the Mill are planted and mature (currently 1,886 ha of immature estates), the risk of material shortfalls in FFB available for the Mill will decrease considerably.

FFB logistics and ensuring the quantity and quality of product collected for input in to the Mill is a challenge the Company needs to manage. The Company has a sound conceptual plan in place and execution of this plan will need to commence at least 3-4 months prior to Mill commissioning. A highly experienced logistics manager to work with existing local management on liaison issues should be a priority appointment as we head to towards the Mill's operation. The company can take a lot of comfort from the fact that small holder mentality is well entrenched in the Ivory Coast in both the palm oil and cocoa industries.

The Mill is suitable for its intention to process the FFB typical in the Ivory Coast. The manufacturers are a well-known and proven company in the field of palm oil mill construction. In addition, further comfort can be drawn from the fact it is being constructed under a 'turn key' contract meaning the manufacturer is overseeing all aspects of construction, commissioning and testing.

DekelOil has access to a large undeveloped land bank, into which they plan to progressively expand. While limited time during the site visit prevented extensive and comprehensive studies to be made, there are ample indicators to suggest that, for the greater part these lands are well suited to conversion to oil palms.

2. INTRODUCTION

2.1 Site Visit Overview

The content of this review is based on observations in the field during a site visit in April 2010. Since this period, the country suffered a period of instability following the 2010 elections. However, the Company continued to operate with key operating milestones being an increase in the company plantations to 1,886ha (approximately 600ha at time of visit) and commencement of ground works for the Mill construction. Both of which have been reviewed on a desk top basis including meetings with management for the purpose of preparing this report.

The DekelOil team were very open and accommodating during the site visit and I was given the opportunity to inspect and review the key platforms of the existing operations and proposed operations of the business including:

- the management team and key technical staff;
- key client relationships including the heads of the key small holder co-operatives;
- company technical and financial data;
- nursery operations and proposed expansion areas;
- a sample of small holder estates;
- a sample of the company's owned estates;
- areas of undeveloped land bank; and
- the proposed site for the construction of the 60 tonne per hour oil palm mill

The writer was accompanied during the site visit by various management staff including:

- Youval Rasin (Chief Executive Officer)
- Lincoln Moore (Executive Director)
- Moshe Yetiv (Nursery Manager)
- Dr Benjamin Adon (Director of Agriculture)
- Eyal Timmor (Chief Operating Officer)
- Bamba Yaya (Administration Manager)

Further comment and observation about the management team is provided in a later section of this report.

2.2 Operations Overview

For its activities, DekelOil has selected the south-east of the Ivory Coast in the region of Aboisso and Adiake. Expansion activities are planned in the region of Guitry which the Company has 24,000ha under long term lease.

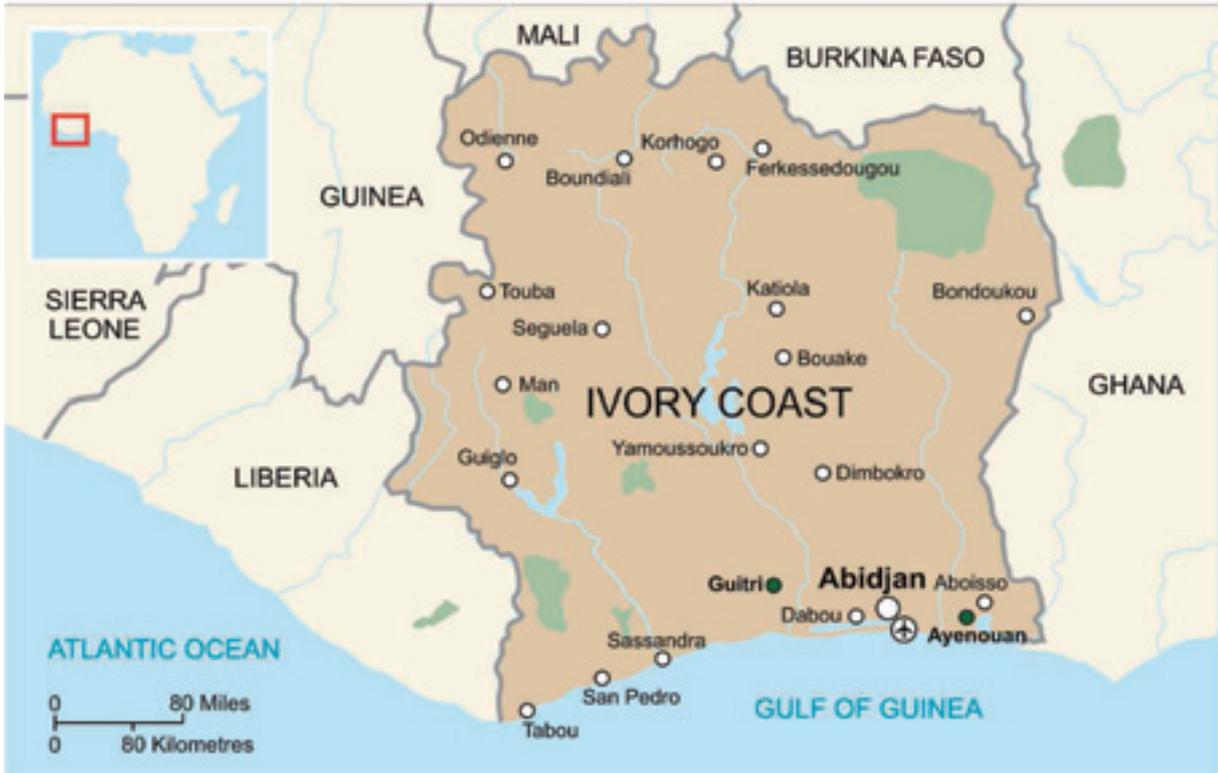
Aboisso and Adiake are traditionally devoted to oil palm plantation with approximately 50,000 hectares of existing plantations. During the last two years between 5,000 and 10,000 hectares of new plantations were created.

The 24,000 ha Guitry site, where DekelOil intends to expand, consists primarily of old cocoa estates.

Location Map of DekelOil Activities

The map below presents the Group’s existing and future expansion areas. The Group classifies its geographical operations into two zones:

- Ayenouan – is defined as the area located near the village of Ayenouan, 80 km west of Abidjan’s port and consists the operating nursery, oil palm Mill currently under construction and the signed contracts for exclusive harvesting rights from 27,000 hectares of Smallholders’ plantations and 1,886 hectares of Group’s plantations.
- Guitry – is the future expansion area, located in the region of Guitry, 160 km from Abidjan’s port. In this area, the Group has located approximately 24,000 hectares of land suitable for developing oil palm plantation and plans to build an additional nursery and palm oil mill.



Generally the whole region in which DekelOil operates is fairly well provided by a network of sealed Government roads of good quality, thus making access to much of the area easy. Where sealed roads do not exist the soils throughout the areas visited are such that graded dirt roads can easily be constructed, and kept in good order by routine grading and shaping.

3. IVORY COAST PALM OIL SUITABILITY

3.1 Overview

The agriculture sector in the Ivory Coast contributes 33% of GDP and 66% of the national export earnings of the country. After Nigeria, the Ivory Coast is the second largest producer of CPO in West Africa with current production in excess of 350,000 t/pa.

A key platform in the strategy to increase production is the requirement for further oil palm mill facilities to utilise the FFB available from small holders where a significant amount of existing FFB production capacity is not processed at present due to the lack of facilities. Current CPO production is processed by 15 mills, the majority of which are outdated facilities. The majority of unprocessed FFB relates to small holders.

3.2 Ivory Coast Seed Development

The Agriculture Director for DekelOil, Dr Adon, previously held a senior position in National Centre of Agricultural Research of Ivory Coast, the government's palm oil seed genetic development programme for 10 years and provided the writer with the following summary of seed development in the country.

Summary of Ivory Coast Seed Genetic Program

1 – Within-origin improvement (1922-1956)

It involved working with local wild populations. This stage has improved CPO production from 0.4 t/ha/year to 2 t/ha/year by mass selection. This step resulted in a cap on performance due to a narrowness of genetic variability.

2 – Inter-origin improvement (1956-1970)

Following the capping performance, exchange of plant material took place between various research stations in Asia and Africa. These exchanges permitted to compare Africa x Asia progenies to Asia x Asia and Africa x Africa progenies. This step shows the superiority of Asia x Africa progenies. The yield was improved from 2 t to 3.3 t oil/ha/year.

3 – First cycle of reciprocal recurrent selection (1970-1990)

The first progeny tests were planted in 1960. A total of 500 progeny were tested (Deli x La Mé in majority). Only 15 progenies were selected for seed production. Their mean characteristics were:

- Average FFB over life of palm: 16 t/ha/year
- Oil yield: 3.5 tons/ha/year
- Oil extraction rate: 22%
- Vertical growth: 55-60 cm/year

4 – The 2nd cycle reciprocal recurrent selection

The first progeny tests were established in 1975, in Indonesia, Côte d'Ivoire, Cameroon, Benin and Brazil. Approximately 1,000 progenies were tested. Twenty progenies have been selected for seed production. The mean characteristics were:

- Average FFB over life of palm: 18 t/ha/year
- Oil yield: 4.5 t/ha/year
- Oil extraction rate: 25%
- Vertical growth: 45 cm/year
- Fusarium resistant

5 – The 3rd cycle reciprocal recurrent selection

The first progeny tests were established in 2002-2007. A total of 400 progenies were used in tests. It exploits the variability of several origins. The mean characteristics expected are:

- Average FFB over life of palm: 23 t/ha/year
- Oil Yield: 5.5 to 6 t/ha/year
- Oil extraction rate: 27-30%
- Vertical growth: 40-45 cm/year
- Fusarium resistant

3.3 Rainfall, Topography, Temperature, Soils

The most significant impact on successful commercial development of oil palms is adequate and regular rainfall, sunlight and to a lesser extent topography and soil type.

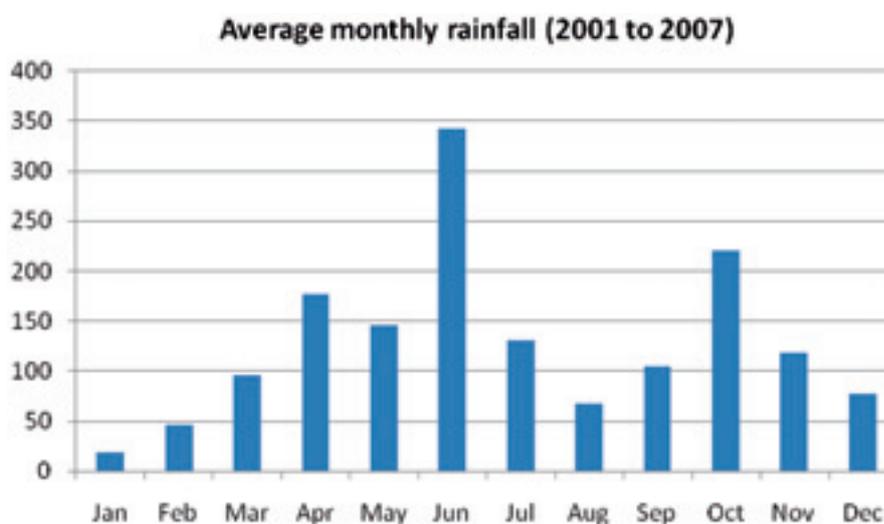
Climate

For all crops there are optimum climatic conditions necessary to support good growth. Of paramount importance in promoting good palm growth and crop production is evenly distributed adequate annual rainfall. 1500mm upwards, is commonly cited as the requirement, with conditions improved as rainfall increases. Together with rainfall suitable average temperatures and solar radiation values are required. However the impact of individual climatic factors are often positively or negatively influenced by the interplay between the various climatic conditions prevailing, and these must be considered when assessing the suitability, or otherwise of the prevailing climate in any region under investigation. For example:

- In some areas with over 2000mm annual precipitation, uneven monthly distribution results in periods of severe drought restricts palm growth and crop production.
- In other areas with similar levels of precipitation, and good monthly rainfall distribution, the high number of rainy days during the year, results in extensive and prolonged periods of cloud cover, resulting in suboptimum levels of solar radiation available to provide for maximum photosynthesis within the palm frond leaflets. This in turn can restrict optimum palm growth and fruit production.

Rainfall

In the DkelOil region, over some thousands of hectares, growing palms indicate available soil moisture is adequate to sustain healthy stands of palm. Statistics for the region over a seven year period, for the years 2001 to 2007, indicate average annual rainfall of 1,500 to 1,700mm. This is towards the lower end of that considered optimum, but with precipitation reasonably well distributed over the twelve months, the situation is considerably improved. All months receive some rain, resulting in the absence of dry seasons of a severity that significantly impacts palm growth and crop production.



Temperature and Sunlight

No long term statistics have been seen, but in the programme document provided for this visit temperature is stated to vary between 25C and 27C, with an average of some 1,800 hours of sunlight per year. These values are well within the acceptable parameters for oil palms, and this is borne out by the observed growth conditions evident in the various age groups of plantations visited.

Topography

Throughout the areas visited, both company lands, and farmer's areas, the topography in the main is of low undulating hills, and large areas of virtually flat land, assessed to be very suitable for oil palm cultivation, and posing few problems with regards to road construction.

Soils

Oil palms can grow in a wide range of soil conditions. Generally, soil conditions which are conducive to growth and high yield oil palms consist of the following:

- Deep soils which permit root development and absence of compact layers of clay or hard laterite near surface.
- Sandy clay loam or finer texture with good moisture holding capacity.
- Soil ph of more than 4 is ideal (although oil palms can tolerate acidic soils).
- High soil fertility (although application of fertilisers can offset deficiency in lower nutrient soils).

There are a number of soil types in the region, ranging from Sandy Loams, Sandy Clay, to areas with higher gravel content. While there will be pockets of soils unsuitable for oil palms, these appear to be commercially insignificant, and little evidence of palms planted on such areas was seen. Drainage requirements are negligible given the sandy nature of soils.

3.4 Summary of Suitability

Historically Côte d'Ivoire has been a significant producer of palm Oil in West Africa, with conditions in much of the southern section of the country very suitable for the cultivation of this crop.

Further comment on yield potential for Company estates and smallholders estates is provided later.

4. NURSERY OPERATIONS

4.1 Nursery Overview

The DekelOil Palm Nursery is located on a 15 ha site leased by DekelOil near the Ayenouan village close to the proposed Mill Site. The nursery itself can currently produce 1 million plants per year in two cycles which creates the capacity to plant 6,000ha per year. In 2012 the Company produced approximately 300,000 plants. There is also sufficient area on the site to expand the nursery if required.

The nursery area is divided into two parts:

- Net house
- Open space

4.2 The Net House

The net house is the germinations area of the nursery. Within this area germinated seed is brought on in special containers, in tray form, with each tray containing 50 seedlings. The substrate into which the seed is planted is of finely chopped coconut fibre. The seedlings are kept in these containers until they have 3 well developed leaves. This usually takes some 60 days.

At the 3 leaf stage the seedlings are transplanted to 8 litre, black poly bags containing a substrate of finely chopped coconut fibre and good quality organic soil. After transfer to the 8 litre bags, the seedlings are retained under shade for a further 2 weeks to ensure they are adequately established in their new environment, before being transferred to the main, unshaded nursery.

While under shade, irrigation is by overhead mist sprinklers which provides optimum well regulated moisture to all seedlings, while at the same time creating excellent damp, cool environment for the tender young seedlings.

Photo's of early stage seedling



4.3 Open Space

In the main nursery the 8 litre bags are transferred and carefully lined out in the main 'second stage' nursery which is unshaded and open to the elements. The main nursery area is floored with black plastic sheeting, which prevents weed development and keeps the whole area very clean, which may significantly also reduce the occurrence of pest and disease problems.

Care is taken to line out seedlings with spacing between bags calculated to avoid etiolation of seedlings as they develop and compete for light.

Watering at this stage is by drip irrigation to each seedling, with carefully calculated and calibrated fertilizers also periodically supplied to the seedlings via the same irrigation system. During this period the plant become very resistant and can survive weeks without water.

Photos of the open space nursery

(Executive Director Lincoln Moore and Agriculture Director Dr Adon)



Photos showing reference system for nursery plants and use of coconut fibre substrate

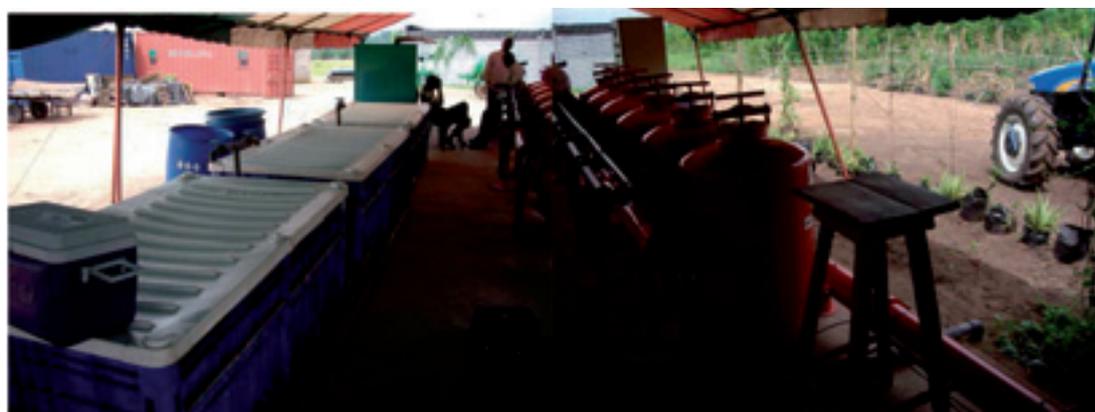


4.4 Nursery Equipment

Irrigation covers the whole nursery, and consists of the following facilities:

- Deep bore hole well supplying good quality clean water at 36 cu.m/hr.
- Water tank reservoir of 450 cu.m/hr
- Central filter.
- Computer for irrigation, and liquid fertiliser control.
- 4 tanks for liquid fertiliser preparation.
- Electricity generator, for nursery requirements, with a line also supplying power to nearby village.
- Stand by generator.

Photos of liquid fertilizer tanks and filter system



Photos of Water Reservoir and Water Well



4.5 Agronomist Comments

A summary of the quality of the end product from the nursery is outlined in the table below.

Parameters	DekelOil plant	Standard plant
Weight	2,5 – 3 kg	25-30 kg
Flexibility	Very	Not flexible
Transportation	1 truck can carry 6 ha	1 truck can carry 1.5 ha
Substrate	Coconut fibre	Soil only
Roots Quality	Very good	Poor
Growing time till Maturity	2-3 years	4-6 years
Resistance	Very good	Poor
Growing time in nursery	6 month	9-10 month
Production cost	Average +	Average -

Source: Management

Conditions within the nursery are, by any standards good, with the quality, and growth and development of seedlings excellent. This nursery must be the best in West Africa, and from my experience must be among the best anywhere.

The plants are currently transferred to the field after 6-8 months. The Company has tested longer period of development and not found any material benefit of leaving the plants in the nursery.

5. SMALLHOLDER ESTATES

5.1 Overview

Management advise that since the privatization of the industry, relationships have been challenging between agro-industries and smallholders. The smallholders’ major issues are:

- outdated mills fail to process all of their production;
- terms of payment (payment up to 6 months in arrears); and
- delaying the collection of the FFB from the plantation which obviously reduce the oil quality.

Therefore, the entry of new operators appears to be strongly desired by the smallholders.

5.2 FFB Yield and Volume of FFB Available

The writer understands that the Company has to date secured approximately 27,000 ha of small holder existing estates subject to long term contracts. In order to maximize the capacity of a 60 tonne per hour mill (which can generally process up to 350,000 tn/annum), the company will need these estates to deliver a yield of 11-12 tn/annum.

In order to ensure the Mill is operating at its optimum capacity, the Company will need to ensure either/or:

- the yield achievable is maintained at 12 tn/annum or higher;
- it maintains or increases the level of small holder leases at 27,000ha.

Estimated Current Production Loss in Small holders Plantations

The table below was provided by the Company which summarises the current small holder hectares available in the Company’s catchment area, in addition to the current and potential FFB production. The writer is informed the data was sourced from the official publications of Palmci.

	Total Ha	Current Production	Current Potential Production	Potential of production in 3 – 4 years
	(Ha)	(Tons FFB)	(Tons FFB)	(Tons FFB)
Ehania	30 400	175 000	301 000	364 800
Toumanguie	17 000	80 000	168 000	204 000
TOTAL	47 400	255 000	469 000	568 800

Based on the above table the current FFB yield achievable for small holders if all FFB is processed is c.10 tn/annum, increasing to over 10 tn in 3-4 years time as estates continue to mature.

5.3 Agronomist Comments

During the visit, large areas and a good cross section of the farmer’s plantations were visited, with the opportunity arising to examine a number of individual areas. While there has been little or nothing in the way of fertiliser application for many years, and older plantings are, using today’s standards, of genetically inferior material, it was interesting to note that most areas had no obvious incidences of pest and disease problems, with palms of good colour, and virtually complete stands evident throughout.

In spite of the fact that farmers are currently at the mercy of mill operators with regards to selling their fruit, and often incur financial difficulties due to the buyers either reluctant, or unable to buy all fruit produced, it is very encouraging to see how keen the farmers are in maintaining their areas to what are, all things considered, reasonably good standards.

A sample of photo's from small holder estates



In the existing situation smallholders will stagger on making a living as best they can. However with the completion of the DekelOil Mill, the company will purchase at agreed prices all FFB produced by those farmers with which the company has decided to do business with.

In this situation, farmers will have much better and regular incomes, which, with time should enable them to adopt better agricultural practices, including fertiliser applications, and replanting with very good material from the company's nurseries, as is being advised through DekelOil's advisory services. This two way cooperation is considered to be a very workable method of improving the small holder yields and ensuring it remains financially viable.

The reported crop yields are of doubtful worth, as it is understood that buyers regularly only take some 60% of the crop harvested, with the remaining percentage either traded locally, or in all probability lost.

Many farmers claim that they are currently getting yields of +/- 6t/ha per annum as calculated on receipt weights from purchasing mills. Accepting 40% of their fruit is not purchased by mills and not taken into the overall account, indications are that current average annual yields are more in the region of 10t/ha, and this is much closer to my own assessment from observations in the field.

As DekelOil's role in the area is consolidated and good agricultural practices are progressively encouraged, indications are that the average annual yields from the existing small holder's plantations should be able to exceed the assumption of 10 t/ha.

With time, and as more and more of the old palm stands are replaced with modern superior high yielding material, and provided farmers can be encouraged to follow recommended good practice, yields in the mid teens should be realistically obtainable.

6. COMPANY ESTATES

6.1 Overview

DekelOil is creating its own plantations together with the small holder contracts. The company is constantly selecting new grand blocks for planting palm oil trees. This process is done by Agronomists visiting the villages and negotiation with farmers and responsible person among the community.

DekelOil obtains rights to the land primarily under the Abusan traditional land system which typically involves an agriculture profit share with the traditional land owners. A review of the legal elements of these agreements falls outside the scope of the agronomy report.

Company Estate Blocks

Two separate blocks of two year palms were inspected on land previously, and for many years, under pineapples, and more recently abandoned and totally invaded by the very noxious grass lalang.

In spite of the soils in these areas being impoverished by years of pineapple production, and then invaded by lalang, which, if inadequately controlled can severely restrict palm development, these new plantings are developing well under excellent conditions, with the highly desirable legume crop, *Pueraria javanica* established over virtually 100% of the inter palm areas.

Sample photos of Company Pilot Estates

2009 Oil Palm

2011/12 Oil Palm



This is no mean feat, and indicates that the management is adopting and implementing suitable agricultural policy and techniques to convert their lands into commercial plantations of real economic value. While standards are good, further significant improvements should be achievable once large volumes of empty fruit bunches (EFB) becomes available after start up of the new palm oil mill, and are available for mulching around the base of young seedlings. This simple technique is well proven which improves soil moisture conservation, reducing weed competition, and minimising fertiliser 'wash off' during periods of heavy rain, immature plantings can be hastened to maturity by as much as 6 months.

At present, in the absence of irrigation, and unavailability of EFB for mulching, and provided best agricultural practice is maintained, the period of immaturity should be about 2.5 – 3 years. Additionally it has often been found that where EFB mulching is maintained up to approximately 4 months prior commencement of harvesting, palms being more robust are able to give higher initial yields, and continue to support good annual yield increments.

6.2 Agronomist Comments – Assessment of potential crop

Additional to suitable climatic conditions, adopting 'best practice' in all aspects of the plantation business, will have very significant impact upon FFB yields.

In the DekelOil owned plantations with their excellent planting material, and their proven ability to plant, establish and maintain immature plantings at good commercial standards, indications are that the following (average) yields should be obtainable from the various sectors, i.e. Areas developed in the absence of EFB mulching, and areas benefiting from EFB.

It must be borne in mind that in the absence of reliable yield statistics for the region, future probable yields, and yield trends are based on available background information, such as the known quality of planting material, climatic factors, soils, and current standards of immature plantings established to date, etc., with the probable impact these factors assessed against similar situations experienced elsewhere.

Years from Field Planting	Tonnes of FFB per Hectare	
	Planting without EFB	Planting with EFB
2.5 to 3	0	4
4	7	10
5	9.5	12
6	12	15
7	15	18
8	18	21
9	20	23
10	21	24
11	21	24
12	21	24
13	21	24
14	21	24
15	21	24
16	21	24
17	21	24
18	21	23
19	20	21
20	19	20
21	17	19
22	17	18

While the projections are considered realistic, much will depend on how advanced and robust immature palms will be at the point of maturity, hence the projected higher performance from areas benefiting from EFB mulching.

The projected maximum annual yields are:

- 24 t/ha. areas brought on with EFB.
- 21 t/ha. areas without EFB.

Should irrigation be introduced, yields could be expected to be considerably higher, possibly 30 t/ha plus, provided appropriate additional fertilisers are applied. However, the writer understands irrigation is not currently included in the base business plan.

The fluctuations, ranging from a low of 6% annual crop in the lowest cropping month to 12% in the peak month is considered realistic, but only after the New Mill is in operation with all harvested FFB correctly weighed and recorded, will it be possible to establish the actual seasonal crop fluctuations. Without irrigation there is little that can be done to even out the peaks and troughs of seasonal FFB production, but these fluctuations can adversely impact on the costs of operations, particularly at the Mill, and towards improving the situation, the costs of introducing irrigation might be justified.

7. COMPANY LAND BANK

The Company advises that they currently have available 24,000 ha for new estates at Guitry. The reported land bank is a real asset for future development, and with time available it would be worthwhile to carry out detailed investigations of all areas within this, to enable early evaluation towards ensuring only the best of this land is selected for conversion to palms prior to commencement of any development.

While time has precluded a detailed assessment of these areas, from what was seen conditions are variable from section to section. Large areas appear to consist of land previously under cultivation with vegetable and fruit crops, mainly cocoa and oil palm and more recently left to go back to light bush and or weed cover. Below are example photo's of the Guitry land.



Topography, rainfall and soils have been covered in an earlier section of the review, and in areas seen is well suited to plantation development.

Population

No statistics of human populations in the various areas have come to hand. It is therefore impossible to give statistics of total numbers, densities etc. However the impression was gained that rural populations in the areas visited are not significant, and from discussions with nationals, it is understood that most people in the region have their own farms, or are otherwise employed, and would be unlikely to adversely impact on the company's plans to develop plantations within their land bank. It should also be kept in mind that plantation type operations are fairly labour intensive, and development offers employment opportunities for many.

8. TRANSPORT AND LOGISTICS

The writer understands that the early feed stock for the 60 tn per hour Mill will be reliant on FFB from the small holder estates. Aside from assessing the quantity of FFB available which was covered earlier in this report, it is also critical the Company implements a logistics and communication programme which will ensure the efficient delivery of FFB to the Mill and the continued good relations with small holders.

Given the Mill will only be operational in late 2013 the writer understands the logistic plans are still evolving and are not yet implemented. This section provides an overview of the existing plans and my comments in relation to these plans. These are set out under the following key areas:

- Communication with Small holders and Co-operatives
- Collection and transport of FFB
- Quality control including quantity and quality of FFB
- Key Equipment
- Payment system
- Systems management and reporting

8.1 Communication with Smallholders, Co-operatives

Before commencement of the logistics programme it is critical that all stake holders understand their roles. In my previous roles, most challengers dealing with small holders are a direct result of a lack of clear communication and poor expectation management. It is also vital the stakeholders have input into the programme to ensure their buy in.

I understand that FFB from 17,000ha is being delivered directly from smallholders and a further 10,000 ha will be via one co-operative. In any case, both stake holders should be involved.

The Company has undertaken the following to date:

- Monthly meetings have been held with the co-operatives and key smallholders to keep them informed of construction progress of the Mill.
- An ongoing consultation programme is taking place with co-operatives and smallholders in regard to the proposed logistics programme outlined below

In terms of planned communication activities, the company will:

- Run information sessions closer to the timing of Mill completion and will provide farmers with written instructions
- Each farmer will be allocated a supervisor as the first point of contact. In almost all cases this supervisor will be a member of the community known to the farmer.
- The Company is considering incentive programmes including discounted plant costs from DekelOil nursery and bonuses to the co-operatives based on achieving various KPI's to be agreed.

Agronomist Comments

In my view, the communication process and initial period of operations must be given significant focus. A successful process will immediately enhance loyalty from the small holder base. I note the Company has not yet appointed a logistics manager but they do have well respected and experienced local management team capable of handling the communication. A highly experienced logistics manager to work with existing local management on liaison issues should be a priority appointment as we head to towards the Mill's operation.

Fortunately, the company can take a lot of comfort from the fact that small holder mentality is well entrenched in the Ivory Coast in both the palm oil and cocoa industries. The most important aspects are setting clear instruction in terms of timing of collection, the quality of FFB expected and payment terms. Setting these boundaries clearly from the start will avoid the most common points of dispute with small holders.

8.2 Collection and Transport of FFB

In terms of FFB collection, it is understood the farmers and co-operatives will be requested to make FFB available for collection at predesignated locations at their farms. Depending on distance from the Mill, the FFB will either be delivered directly to the Mill or via collection locations to be established by the Company. The collection sites need not be more than a small clear area where FFB can be unloaded and consolidated for delivery to the Mill.

The transport of the FFB will be handled by the Company's proposed truck fleet with additional trucks hired during peak periods. In terms of co-operative farms, this arrangement works to incentivise the cooperatives as their revenue structure is directly linked with the quantity of FFB actually delivered.

The supervisor will be the point of contact with the farmer and will be responsible for co-ordinating the timing of deliveries and managing collection. Collection vehicles will be fitted with a GPS tracking system so the supervisor can ensure collection may take place within adequate time frames.

At the collection point, the FFB will be loaded on the trucks. The Trucks will have a weight gauge to confirm quantities. The driver will be accompanied by a quality control officer who will assess the quality and make any notes of adjustment for varying quality of FFB. The farmer will be handed a delivery note setting out the amount of FFB collection and any adjustment for FFB quality.

In terms of managing the process, the area of FFB collection has been divided into 8 sectors listed in the table below specifying the name of the sector and its distance from the Mill. It is expected sectors 3,4 will require collection sites and the longer term possibly also sectors 8.

	Sectors	Distance from the Mill	FFB (Tons)
1	Aboisso	30 – 40 Km	80 000
2	Mafféré	40 – 50 Km	42 000
3	Tiapoum	50 – 60 Km	57 000
4	Noé	70 - 80 Km	57 000
5	Ayamé	60 – 70 Km	1000
6	Bonoua	30 – 40 Km	30 000
7	Adiaké	50 – 60 Km	25 000
8	Alépé	50 – 60 Km	10 000
			302,000

The supervision and coordination of the distribution of inputs and FFB collection zone shall be divided between company supervisors for the company plantations and the Cooperative supervisors. The number of supervisors is subject to the density of the plantation in the sector. Generally each supervisor should cover between 200 ha to 300 ha subject to the landscape and distance.

8.3 Quality and Quantity control of FFB

Quality Control (QC) of the FFB provided is an essential element in manufacturing high quality CPO.

The Company's plan is QC starts with instructions on harvesting time tables and at point of collection. The supervisor will visit each farmer prior or during collection and verify that the quality of the FFB is sufficient and they are not too green or too ripe. FFB may be rejected if it does not meet required standards.

In addition the supervisor will also inspect the quantity of FFB by ensuring any bagged FFB is not filled with sand and/or stones, and that the FFB was harvested without leaving a long branch.

Agronomist comments

FFB logistics and ensuring the quantity and quality of product is possibly the largest area of operating risk the Company needs to manage. I reiterate that holding numerous information sessions and distributing clear written guidelines and terms of business to small holders and co-operatives is vital. It is recommended that the Company continue to hold regular meetings with all small holders and co-operatives on as much as a monthly basis to maintain standards and refine the process as issues arise.

8.4 Key Equipment

Transport

The write understands the Company is intending to acquire and/or lease a combination of:

- Small trucks 3.5 or 8 ton
- Small tractors 0.5-2.5 ton
- Large tractors 8 ton

Open Contained (detached storage)

The type of vehicle chosen for the collection will depend on the quantity of FFB and quality of the road to the plantation. For difficult roads a smaller vehicle is required and for the better roads detached storage is the best solution.

Collection Sites

The collection sites will have a reception area in which all FFB will arrive before being transferred to the containers which will be transport to the Mill. Alternatively FFB can be pushed with wheel loader directly to the truck. The reception must be higher than the containers and trucks so as to enable pushing the FFBs directly to the container or truck. If the area does not permit such installation FFB can always be loaded via the wheel loader.

Other Equipment

Vehicles and motorcycles will be acquired for the use of management and logistics supervisors

Quantity of Trucks Required

The distribution of the plantations indicates that the average driving time from the plantation to the Mill is about one hour. In two areas Tiapoum and Noe the driving time is about 2 hours (representing about 35 % of the plantation area).

The estimated waiting time required for a truck before the weighing bridge at the entrance to the Mill is about 35 min, for the procedure of weighing, unloading and reweighing of the empty truck. We assume that every truck can complete in average 2.5 cycles per day.

Peak Requirement

Max ton per day = 1,200 tons

Truck capacity = 8 to 10 tons

Meaning app. 130 – 140 rounds per day, with an average of 2.5 cycles per day 52-56 trucks.

The writer understands that approximately 40% of this fleet will be owned with the remainder contracted during the peak periods.

DekelOil Trucks and Tractors shall be equipped with:

- Electronic Crane Scale
- Weight basket or Big bags
- Steel bars for positioning of chain list and Crane scale.
- Tracking Unit – GPS with Fleet management module.

8.5 Payment terms

The smallholders may instruct the company to make a monthly or weekly wire transfer to his account. Alternatively every Monday he can come to the Mill and collect cash payment for the FFBs delivered that week or instruct the company to transfer the funds to the cooperative who will distribute the funds to its members. The Farmer will have to point to which cooperative he belongs and shall sign a written instruction to the company to deduct the cooperative fee and pay it directly to the cooperative. In order to collect the payment, the smallholder will have to identify itself and present the delivery note.

In terms of Co-operatives, DekelOil shall make a wire transfer to the cooperative, including:

- The payment of the cooperatives fee from all their members who delivered FFB to the Mill.
- The commission for the sale of plants.
- The funds of cooperatives' member which decided that they want the cooperative to pay them directly.
- Any bonus due to the cooperative or its members.

Agronomist Comments

The Company has confirmed to me that timely payment of small holders and co-operatives is a key part of their strategy to retain the continued supply of FFB. The Company appears to be building in the flexibility required to ensure smallholders can either be paid in cash or directly to their accounts which is important given some small holders may not be operating bank accounts.

8.6 Systems Management and Reporting

Management advise that on commencement of production the company is planning to utilise an off the shelf data base or accounting software programme to manage the complete cycle of:

- Recording the collection of FFB;
- Recording the quantity of FFB collected per supplier;
- Managing small holder accounts and payments;
- Recording CPO stock levels; and
- Recording CPO sales and accounts receivable

The management view is it would be premature to attempt to implement a more complex solution until the monthly operational programme settles into a consistent process. This appears sensible given both the cost and complexity of a tailored ERP system are high. Management does intend to investigate systems briefly outlined below but the implementation of these systems would likely be considered in 18-24 months time.

Fleet management system

The Company is considering several fleet management solutions including ITURAN which provides an on screen tracking system including warning systems on motor temperature , service time , fuel consumption and speed. The system will be held at the Mill. However, initially simple collection schedules will be produced daily for each truck delivery.

Enterprise Resource Planning system

The company is reviewing ERP solutions. The ERP solution for palm estates includes both plantation and Mill management. The advantage of an ERP system is that reports are available almost immediately online as long as data is inputted on a daily basis.

9. 60 T/N PER HOUR MILL

9.1 Overview

I have been asked to comment broadly as to whether the Mill infrastructure is suitable for Palm Oil production. Whilst I am not a mill engineer I have made the following comments and summary based on typical mills which are quite standard in the palm oil industry.

The Mill is being constructed by Modipalm under a turn key contract. Modipalm are a well known, large and reputable mill manufacturer in Malaysia. The target of the company is to handle 350,000 tons per year FFB produced by the existing plantations around the Mill and may produce 70,000 tns of CPO. The Mill suggested capacity is 60 tons per hour FFB based on two parallel production lines with 30 ton per hour FFB capacity which will come on line simultaneously. This configuration enables a flexible operation mode during the high season. The Mill can still operate efficiently if one line is in maintenance service or in cases of mechanical failure.

The Mill is based on continuous operation per 24 hours per day and a yearly maintenance stop for up to one month. As no harvesting is possible during darkness, the FFB collection and transportation is limited to the daylight period and a stock of raw material has to be prepared each day for the night shift.

9.2 Mill Construction Time Line

Summarised below is the current timeline for the construction of the Mill. The Mill equipment arrived at the Abidjan port in March 2013.



9.3 Mill Site Description

The Site

Topographic conditions and location:

- The site is located south to Ayenouan village
- Plateau from the center to the north part of the site
- Slopes (about 10 – 15%) on the south part of the site
- Slopes (about 10 – 15%) on the east and west edges of the site
- Ayenouan village and road on the north border
- A seasonal river stream with sharp coasts and road on the west border
- A high tension electrical line to the north part of the site parallel to the road
- A high tension electrical line is crossing the site from north to south
- Some of the village huts and buildings are scattered south to the high tension line



Other conditions:

- The distance to the sea – nearest lagoon is about 8 km.
- The seismic factor is zero.
- Max wind velocity 15 km per hour.
- Wind direction changes between seasons – strong wind from east during April, May and November, medium wind from the North during December January and low wind during July- September.
- Typical wind load is 60 kg per sq.m.
- Typical rain load is 15 kg per sq.m.

Soil and Foundations

In this part of Côte d'Ivoire the soil is sandy. It allows for shallow and inexpensive foundation, and easy execution of earth works.

Layout principals

- New access road along the high tension line and east to the village to avoid conflict and accidents while crossing the village
- Allocation of plant buildings on the plateau area
- Allocation of plant buildings while leaving enough plateau land for the nursery
- Allocation of the palm trees nursery on the plateau area as much as possible
- Separate access to the plant and to the nursery
- Keeping most of trucks traffic on the east part of the site and off the plant area, in order to reduce trucks traffic in plant area and to improve safety and security
- Adjusting the site levels to natural topographic conditions to achieve minimal earth works
- Taking advantage of the natural topographic slope for the FFB reception and storage system
- Avoiding conflict with the village houses as much as possible
- Peripheral road for maintenance security and safety access
- Site division into zones according to different functional needs
- Administration area is separated from the plant area
- Administration area is accessible to the plant center, to allow plant control by management staff

General Site Data – Area (square meters)

Site area (original)	470,053
Site area (expanded)	518,476
Plant area	121,247
Effluent treatment	22,711
Trucks overnight parking	6,068
Nursery area	176,327

Process

The oil Mill consists of the following main operating departments:

Reception

The raw material is delivered to the Mill in bulk by car or by a tractor. The loaded car is weighed on the weighing bridge in the entrance and is weighed again after unloading. The FFB is unloaded to a collecting hopper, equipped with hydraulically operated gates, controlling the feeding of the FFB to the conveyor.

The volume of the feed hopper is large enough for holding raw material for the night shift.

Sterilization

This is a key activity for the preparation of FFB before pressing. The Company is operating a batch sterilization system in preference to a continuous sterilization system given the cyclical nature of FFB production. During the sterilization FFB is exposed to elevated temperature, produced by direct steam to stop the activity of enzymes. The enzymes affect the quality of the crude oil by raising the acidity of the oil FFA – (Free Fatty Acid). The direct steam injection also assists to separate the FFB.

FFB is transferred from the gates by a conveyor to the special sterilization cages. The cages are fitted for the transportation system, for the unloading system and they have a perforated structure enable the steam to penetrate.

The cages full with bunches enter the sterilization vessels equipped with special door locking system. The automatic system introduces the direct steam, evacuates the air and holds at prefixed temperature the content of the sterilizer. After completion of the sterilization, the pressure is released from the vessel, the door is opened and the hot bunches are transferred to the next operating station.

Threshing

In this station the FFB is separated from the bunch. The machine consists of a circulating drum with special buffers. The empty bunches (EFB) are received after the drum and the FFB falls to the transport conveyor by the perforated wall of the machine. There is an option for recycling the FFB which was not completely treated, for better efficiency of the separation.

Empty bunches

The EFB will be used as fertilizer in the plantation. The EFB are transferred for future treatment and preparing the material as fertilizer.

Pressing

The separated palm FFB enters the digester. In this machine the FFB is transferred to “smashed” mass ready for the pressing. Direct steam is introduced to the mass for increasing the extractability of the oil.

Depericarping

In this stage the palm kernel nuts and the fibre are separated by a pneumatic system including fans, ductwork and cyclones. The fibre is transferred to the steam boiler as solid fuel and the kernels are transferred to the kernel recovery station.

Kernel recovery

The palm kernel nut is covered with a relatively hard fibrous shell. Under this shell is the kernel, which is rich in oil. The shell must be removed before crushing the oil from the kernel. First the nut sized foreign materials are separated from the nut by the destoner. Residual fiber is separated by a pneumatic separator and the oversized material is separated in the horizontal nut polisher rotating drum. The clean nut is introduced to the ripple mill. In the ripple mill the hard shell is broken between the corrugated surfaces of the Mill. The next stage is the separation of the mixture of the broken shell and the nuts. The kernel particles are further separated from the shell by a wet hydrocyclone system. The pneumatically/mechanical separated shells and husks are transferred to the steam boiler as solid fuel. The dehulled kernel is dried in hot air oven. The dry kernel is stored in a dedicated silo system. The kernel can be transferred immediately to the kernel crushing department or can be stored before selling or production in the future.

Steam boiler

The steam produced operates the turbines, producing electricity. The palm oil mill creates its own energy. Only during the start up or maintenance period will the Mill need energy supply from the local electrical network or from diesel generators.

The steam boilers are fed with the fiber and shells separated from the palm FFB.

The boiler produces high pressure steam (20-30 atm) which requires high quality feed water. The regular practice is demineralization of the feed water including deaerator and adding of small amount of specific chemicals.

In normal operation the factories prefer double steam boiler system for redundancy. Different types of boilers are used when the purpose is supporting the palm oil mill activity or when burning the EFB or when selling surplus electricity to the local network.

Engine house

In this department the high pressure steam is introduced to the turbine, producing the electricity necessary for the Mill operation. The low pressure spent steam is used for the heating purposes in the Mill.

The engine house includes also the generators, using diesel oil as fuel. These units are used during start up and maintenance periods, and for safety and emergency electrical supply.

The main switch board controls the distribution of the electricity to the various departments.

In case of surplus of energy in the palm oil mill, the surplus electricity can be sold to the local electric company.

Clarification

The oil water mixture received after the pressing unit is treated in many steps. First the mixture passes through vibrating filter – separating fiber, fines and foreign materials from the liquid. The solid sludge is recycled to the pressing units.

The liquid is pumped to the settling/separation tank. The heavy phase – the water – is pumped through hydrocyclone for separating sand and other abrasive materials before entering the desludgers. In these horizontal centrifugal separators (deslugers) the oil is separated from the water. The oil is recycled to the settling tank and water is free pass to the waste water separating system. In some factories instead of the horizontal centrifugal separator decanters are used, which are more effective and also more expensive and require more maintenance.

The light phase – the oil – is pumped from the settler/separator to the vertical centrifugal separator – self cleaning type. The duty of these machines is to reduce the water content of the oil. The oil is pumped from the centrifuges to the oil dryer, which finally dries the oil under vacuum. The dry oil is pumped to the storage tanks.

Oil storage

The crude oil is stored in heated tanks, equipped with pumping station and level control devices. The oil is pumped to cargo car transferring the product to local customers or to the harbor for export. The normal practice is to hold the oil in daily tanks for quality control purposes before sending it to the main storage facility. The Company is currently constructing 5,000 tonnes of CPO storage capacity on site.

Water treatment

The incoming water has to be cleaned and softened to the required quality of feed water to the steam boiler. The water treatment depends much in the specification of the source water (well water, river water, desalinated water etc). The Mill needs elevated daily storage water tanks for the process, sanitary duty and for fire fighting. The effluent chemicals from the demineralization are pH adjusted before being transferred to the central waste water system.

Oil recovery

The waste water passes from the first pond to an additional separation tank. The floating oil from the pond and from this tank is also send back to the settling tank. The yield of the oil recovered from the spent liquid system is an important factor on the economical performance of the Mill.

Waste water treatment

The water is pumped to the waste water treatment system. The first treatment is mechanical separation of solids and oil from the water. The oil is recycled to the Mill. In the anaerobic pond biogas is produced. This gas can be burned in the steam boiler, contributing to the energy balance of the Mill. After the anaerobic treatment the water is transferred to the aerobic reactor, where air is introduced by special fans to the liquid. The final product can be discharged to the local sewage system. In the case of the Mill the treated waste water will be used for plantation irrigation.

Laboratory and maintenance

These two departments are very important for efficient and high quality production of the Mill.

The quality control is based on international methods and it is a direct link between the cost of selling and the product quality. Quick response for deviations detected by the quality control laboratory and deep considerations during equipment purchasing are key points to establish a successful mill.

The correct operation of the maintenance department according to the pre-designed preventing maintenance program is the second key for success. The Mill must operate with maximum capacity dictated by the quantity of the FFB available. The technology of the processing is based on high tear, erosive materials handling. The Mill should store enough spare parts to manage the preventive maintenance program and being ready for unforeseen problems as well.

Agronomist Comments

The Mill appears to be built based on typical specifications for a palm oil mill. The Mill is suitable for its intention to process the FFB typical in the Ivory Coast. The manufacturers are a well known and proven company in the field of palm oil construction. In addition, further comfort can be drawn from the fact it is being constructed under a turn key contract meaning the manufacturer is overseeing all aspects of construction, commissioning and testing.

10. MANAGEMENT

From numerous meetings with the members of the team, and assessment of their achievements to date, the impression is gained that the members are extremely competent, keen, and dedicated to achieving the goals of their business, and operate as a confident, cohesive team. The key members met are as follows:

- Youval Rasin (Chief Executive Officer)
- Lincoln Moore (Executive Director)
- Eyal Timmor (Chief Operating Officer)

- Moshe Yetiv (Nursery Manager)
- Dr Benjamin Adon (Agriculture Director)
- Bamba Yaya (Administration Manager)

The management's obvious ability to establish good relationships with smallholders, co-operatives, and other Ivoirians with whom they have contact, does them credit, and reflects very well on the Company's attitude to doing business in the Ivory Coast.

As the Company moves towards production, two key appointments will be required to be filled between July to September of 2013:

- Mill manager
- Logistics manager

These two appointments will be critical to executing the plans outlined in the Logistics and Mill sections of this report.

PART IV
FINANCIAL INFORMATION

PART A

DEKELOIL PUBLIC LIMITED UNAUDITED INTERIMS TO 30 JUNE 2012

Report on review of interim condensed consolidated financial statements to the directors of DekelOil Public Limited.**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of DekelOil Public Limited and its subsidiaries (the Group) as at 30 June 2012, comprising of the interim consolidated statement of financial position as at 30 June 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Admission Document dated 12 March ("the Admission Document").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

12 March 2013
Tel-Aviv, IsraelKOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>30 June</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>Euros in thousands</i>	
ASSETS		
Cash and cash equivalents	1,340	1,690
Government authorities (VAT) and accounts receivable	33	31
Total current assets	<u>1,373</u>	<u>1,721</u>
NON-CURRENT ASSETS:		
Biological assets	4,635	2,183
Property and equipment, net	3,681	3,138
Long-term deposits	20	4
Total non-current assets	<u>8,336</u>	<u>5,325</u>
Total assets	<u><u>9,709</u></u>	<u><u>7,046</u></u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 31 December
2012 2011
Unaudited Audited
Euros in thousands

EQUITY AND LIABILITIES

CURRENT LIABILITIES:

Short-term credit	17	–
Trade payables	117	161
Short-term loan	–	57
Other accounts payable and accrued expenses	203	217

Total current liabilities

	337	435
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NON-CURRENT LIABILITIES:

Long-term capital lease	64	66
Accrued severance pay, net	26	23
Long-term loan	2,098	850
Capital notes	5,864	5,524
Related parties	128	98
Other liabilities	38	12

Total non-current liabilities

	8,218	6,573
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Total liabilities

	8,555	7,008
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DEFICIENCY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	(551)	(1,064)
Non-controlling interests	1,705	1,102

Total equity

	1,154	38
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Total liabilities and equity

	9,709	7,046
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The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	
	<i>Euros in thousands</i>	
	<i>(except share and per share data)</i>	
Revenues	178	109
Net gain from changes in fair value of biological assets	2,267	691
Operating expenses	(219)	(184)
General and administrative	(782)	(621)
Finance income	34	28
Finance expense	(359)	(230)
	<u>1,119</u>	<u>(207)</u>
Income (loss) before taxes on income	1,119	(207)
Taxes on income	–	(1)
	<u>1,119</u>	<u>(208)</u>
Net income (loss)	<u>1,119</u>	<u>(208)</u>
Attributable to:		
Equity holders of the Company	516	(158)
Non-controlling interests	603	(50)
	<u>1,119</u>	<u>(208)</u>
Net income (loss)	<u>1,119</u>	<u>(208)</u>
Net loss per share attributable to equity holders of the Company (in Euros):		
Basic income (loss) per share in Euros:	<u>0.00</u>	<u>0.00</u>
Diluted net income (loss) per share in Euros:	<u>0.00</u>	<u>0.00</u>
Weighted average number of shares used in computing basic income (loss) per share	<u>588,730,350</u>	<u>588,730,350</u>
Weighted average number of shares used in computing diluted income (loss) per share	<u>722,588,065</u>	<u>588,730,350</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	
	<i>Euros in thousands</i>	
Net income (loss)	1,119	(208)
Other comprehensive loss:		
Actuarial losses on defined benefit plans	(3)	–
Total comprehensive income (loss)	<u>1,116</u>	<u>(208)</u>
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	513	(158)
Non-controlling interests	603	(50)
	<u>1,116</u>	<u>(208)</u>

The accompanying notes are an integral part of the consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<i>Attributable to equity holders of the Company</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Accumulated deficit</i>	<i>Capital reserve</i>	<i>Capital reserve from transactions with non-controlling interests</i>	<i>Total</i>	<i>Non-controlling interest</i>	
	<i>Euros in thousands</i>							
Balance as of 1 January 2012	2	405	(7,178)	2,532	3,175	(1,064)	1,102	38
Actuarial losses			(3)	–	–	(3)	–	(3)
Net income	–	–	516	–	–	516	603	1,119
Balance as of 30 June 2012	<u>2</u>	<u>405</u>	<u>(6,665)</u>	<u>2,532</u>	<u>3,175</u>	<u>(551)</u>	<u>1,705</u>	<u>1,154</u>

	<i>Attributable to equity holders of the Company</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Accumulated deficit</i>	<i>Capital reserve</i>	<i>Capital reserve from transactions with non-controlling interests</i>	<i>Total</i>	<i>Non-controlling interest</i>	
	<i>Euros in thousands</i>							
Balance as of 1 January 2011	2	405	(6,649)	2,532	3,175	(535)	1,440	905
Net loss	–	–	(158)	–	–	(158)	(50)	(208)
Balance as of 30 June 2011	<u>2</u>	<u>405</u>	<u>(6,807)</u>	<u>2,532</u>	<u>3,175</u>	<u>(693)</u>	<u>1,390</u>	<u>697</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended
30 June
2012 2011
Unaudited
Euros in thousands

Cash flows from operating activities:

Net income (loss)	1,119	(208)
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Adjustments to reconcile net income (loss) to net cash used in operating activities:

Adjustments to the profit or loss items:

Depreciation and amortization	51	49
Accrued interest on non-current liabilities	340	65
Change in employee benefit liabilities, net	3	(8)
Net gain from changes in fair value of biological assets	(2,267)	(691)

Changes in operating assets and liabilities:

Increase (decrease) in Government authorities and accounts receivable	(2)	25
Decrease (increase) in trade payables	(44)	102
Increase in employee benefit liabilities	26	–
Increase in related parties	30	47
Increase in accrued expenses and other accounts payable	(14)	(76)

Net cash used in operating activities	<u>(1,877)</u>	<u>(487)</u>
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Cash flows from investing activities:

Investment in long-term deposits	(16)	–
Investment in biological assets	(185)	(70)
Purchase of property and equipment	<u>(597)</u>	<u>(237)</u>
Net cash used in investing activities	<u>(798)</u>	<u>(307)</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	
	<i>Euros in thousands</i>	
Cash flows from financing activities:		
Receipt of short-term bank credit	17	–
Repayment of short-term loan	(57)	–
Repayment of long-term lease	(2)	(4)
Receipt of long-term loan	1,248	–
	<u>1,206</u>	<u>(4)</u>
Net cash provided by (used in) financing activities		
	1,206	(4)
Decrease in cash and cash equivalents	(350)	(1,006)
Cash and cash equivalents at beginning of period	1,690	5,028
	<u>1,690</u>	<u>5,028</u>
Cash and cash equivalents at end of period	1,340	4,022
	<u>1,340</u>	<u>4,022</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTE 1: GENERAL

These financial statements have been prepared in a condensed format as of 30 June 2012 and for the six months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of 31 December 2011 and for the year then ended and accompanying notes ("annual financial statements").

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting".

NOTE 3: SIGNIFICANT EVENTS DURING THE PERIOD

On 11 June 2012, DekelOil CI SA signed an agreement with a construction company in CI for the foundation, concrete works and other works for the Mill and Mill infrastructure at a total amount of approximately €1,713 thousand. The contract was approved by the EBID and will be financed by it.

NOTE 4: SUBSEQUENT EVENTS

- a. In August 2012, the CEO of the Company's subsidiary terminated his position, but he continues to act as a consultant to the Company's subsidiary. For his services he is entitled to receive via a company owned by him, Agro Technologies, a monthly fee of €4,500.
- b. On 29 October 2012, the Company signed an engagement letter with Optiva Securities and a MOU with Boletus Resources Ltd ("Boletus") according to which the Company plans to admit its shares on the London AIM Market. On (and subject to) admission, the Company shall acquire 100 per cent. of Boletus an unquoted investment Company and its cash in the amount of £580 thousand, before admission expenses, shall be available to the Company. Boletus will finance the costs of the admission process and will be valued at £1 million. As consideration for the acquisition, the Company will issue shares to Boletus based on a Company pre-money valuation of £10.2 million.
- c. In October 2012 the Company's subsidiary, DekelOil CI SA completed a tax assessment audit by the Côte d'Ivoire tax authorities and received a final tax assessment through 2011, according to which, DekelOil SI SA should pay approximately €45 thousand.
- d. On 5 November 2012, the Company granted for no consideration 20,887 options to purchase Ordinary shares at an exercise price of par value to employees of the Company's subsidiaries. The options for 1,000 shares vested immediately and were exercised. The balance of the options vest over a period of 2.5 years.
- e. On 28 November 2012, DekelOil CI SA issued a letter of credit ("LC") to Boilermech, the boiler provider for the Mill, at a total amount of \$808,000. The LC was issued by the EBID and is financed by it.

In November 2012, the subsidiary of the Company issued an LC to Modipalm Engineering SDN, the Mill contractor, at a total amount of €7,508 thousand. The LC was issued by the EBID and is financed by the EBID and BOAD.

- f. In November 2012 a subsidiary of the Company entered into an agreement with a related party of a shareholder who is also a director of the Company and the chairman of the Board of Directors of the Company's subsidiary to be the subsidiary's supervisor over the foundation and concrete works of the Mill construction. For these services the related party is entitled to receive FCFA 2,000,000 (approximately €3,000) per month.
- g. On 5 December 2012, the authorized share capital limit of the Company was increased to €25,630 divided into 2,563,000 shares of €0.01 each.

- h. On 5 December 2012, the Company issued and allotted a further 2,275,508 Ordinary Shares pursuant to private subscription agreements at a price of €0.01 per Ordinary Share raising a total of €22,755.
- i. On 9 January 2013, the Company was re-registered in Cyprus as a public limited company. Following the re-registration the Company changed its name from DekelOil Limited to DekelOil Public Limited (its current name), and new Memorandum of Association and Articles of Association were adopted by the Company and registered in Cyprus.
- j. On 3 February 2013, the Company issued and allotted to certain existing shareholders 165,000 Ordinary Shares of €0.01 each consideration for the cancellation of indebtedness owed by the Company at a total amount of €225,000.
- k. On 3 February 2013, the authorized share capital limit of the Company was increased to €70,000 divided into 7,000,000 shares of €0.01 each, following which the par value of each Ordinary Share was sub-divided from €0.01 each to €0.00003367 each and a further 807,488,000 shares were issued to the existing shareholders pro-rata to their shareholding in the Company.
- l. On 20 February 2013, the Company constituted a warrant instrument and granted warrants over 33,317,674 Ordinary Shares in consideration for the cancellation of capital notes at a total amount of €353,329.
- m. On 20 February 2013, the Company issued and allotted 42,642,947 Ordinary Shares and granted warrants over 24,700,457 Ordinary Shares to certain existing shareholders in consideration for the cancellation of capital notes at a total amount of €1,012,785.
- n. On 20 February 2013 the Company issued and allotted 162,855,338 Ordinary Shares pursuant to a private subscription at a price of €0.00003367 raising a total of €5,483.
- o. On 4 March 2013, the Company and Boletus entered into the Boletus Loan Agreement under the terms of which Boletus agreed to grant an unsecured short term loan of £300,000 to the Company. It was agreed under the agreement that the Boletus Loan would be repaid by 15 April 2013.

PART IV

FINANCIAL INFORMATION

PART B

**DEKELOIL PUBLIC LIMITED ACCOUNTS FOR THE 3 YEARS ENDED
31 DECEMBER 2009, 2010 AND 2011**

12 March 2013

The Directors
DekelOil Public Limited
38 Agias Fylaxeos
Nicolas Court
Office 101
3025 Limassol
PO Box 53277
Limassol
Cyprus

Dear Sirs

We report on the financial information of DekelOil Public Limited (“the Company”) (together with its subsidiaries “the Group”) for the years ended 31 December 2011, 2010 and 2009 (“the Financial Information”) set out in Part IV of the AIM Admission Document dated 12 March 2013 (“the Admission Document”). The Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 2. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the Financial Information – and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies

Yours faithfully,

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		<i>31 December</i>		
	<i>Note</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
		<i>Euros in thousands</i>		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	3	1,690	5,028	8
Government authorities and accounts receivable	4	31	54	11
Total current assets		<u>1,721</u>	<u>5,082</u>	<u>19</u>
NON-CURRENT ASSETS:				
Long-term deposits	5	4	4	3
Biological assets	6	2,183	606	11
Property and equipment, net	7	3,138	766	370
Total non-current assets		<u>5,325</u>	<u>1,376</u>	<u>384</u>
Total assets		<u><u>7,046</u></u>	<u><u>6,458</u></u>	<u><u>403</u></u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		<i>31 December</i>		
		<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Note</i>	<i>Euros in thousands</i>		
EQUITY AND LIABILITIES				
CURRENT LIABILITIES:				
Short-term credit		–	–	17
Trade payables		161	120	288
Short-term loan	8	57	–	328
Other accounts payable and accrued expenses	9	217	407	180
Total current liabilities		<u>435</u>	<u>527</u>	<u>813</u>
NON-CURRENT LIABILITIES:				
Long-term capital lease	10	66	73	37
Accrued severance pay, net	11	23	25	9
Long-term loan	12	850	–	–
Capital notes	13	5,524	4,910	1,770
Related parties		98	18	–
Other liabilities		12	–	–
Total non-current liabilities		<u>6,573</u>	<u>5,026</u>	<u>1,816</u>
Total liabilities		<u>7,008</u>	<u>5,553</u>	<u>2,629</u>
DEFICIENCY ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE COMPANY				
Non-controlling interests		(1,064)	(535)	(2,226)
		<u>1,102</u>	<u>1,440</u>	<u>–</u>
Total equity (deficiency)	14	<u>38</u>	<u>905</u>	<u>(2,226)</u>
Total liabilities and equity		<u><u>7,046</u></u>	<u><u>6,458</u></u>	<u><u>403</u></u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF INCOME

		<i>Year ended</i> <i>31 December</i>		
		<i>2011</i>	<i>2010</i>	<i>2009</i>
		<i>Euros in thousands</i> <i>(except share and per</i> <i>share amounts)</i>		
	<i>Note</i>			
Revenues	15	311	75	204
Net gain from changes in fair value of biological assets	6	1,246	304	–
Operating expenses	18a	(382)	(242)	(278)
General and administrative	18b	(1,629)	(2,248)	(1,018)
Other expenses		(3)	(4)	(6)
Finance income	18c	122	53	–
Finance cost	18d	(527)	(399)	(219)
Loss before taxes on income		(862)	(2,461)	(1,317)
Taxes on income	16	(6)	(13)	(4)
Net loss		<u>(868)</u>	<u>(2,474)</u>	<u>(1,321)</u>
Attributable to:				
Equity holders of the Company		(530)	(1,858)	(1,321)
Non-controlling interests		(338)	(616)	–
Net loss		<u>(868)</u>	<u>(2,474)</u>	<u>(1,321)</u>
Net loss per share attributable to equity holders of the Company (in Euros):				
Basic and diluted loss per share in Euros		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Weighted average number of shares used in computing basic and diluted loss per share		<u>588,730,350</u>	<u>588,730,350</u>	<u>588,730,350</u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2011	Year ended 31 December 2010	2009
	<i>Euros in thousands</i>		
Net loss	(868)	(2,474)	(1,321)
Other comprehensive loss:			
Actuarial gains (losses) on defined benefit plans	<u>1</u>	<u>(11)</u>	<u>–</u>
Total comprehensive loss	<u>(867)</u>	<u>(2,485)</u>	<u>(1,321)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company	(529)	(1,869)	(1,321)
Non-controlling interests	<u>(338)</u>	<u>(616)</u>	<u>–</u>
	<u>(867)</u>	<u>(2,485)</u>	<u>(1,321)</u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<i>Attributable to equity holders of the Company</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Accumulated deficit</i>	<i>Capital reserve from transactions with non-controlling interests</i>	<i>Capital reserve from transactions with non-controlling interests</i>	<i>Total</i>	<i>Non-controlling interests</i>	
	<i>Euros in thousands</i>							
Balance as of 1 January 2009	1	33	(3,459)	2,132	–	(1,293)	–	(1,293)
Capital reserve from transactions with controlling shareholders	–	–	–	355	–	355	–	355
Share-based compensation	–	33	–	–	–	33	–	33
Net loss	–	–	(1,321)	–	–	(1,321)	–	(1,321)
Balance as of 31 December 2009	1	66	(4,780)	2,487	–	(2,226)	–	(2,226)
Actuarial losses	–	–	(11)	–	–	(11)	–	(11)
Capital reserve from transactions with controlling shareholders	–	–	–	45	–	45	–	45
Capital reserve from transactions with non-controlling interests	–	–	–	–	3,175	3,175	2,056	5,231
Share-based compensation	–	339	–	–	–	339	–	339
Issuance of shares	1	–	–	–	–	1	–	1
Net loss	–	–	(1,858)	–	–	(1,858)	(616)	(2,474)
Balance as of 31 December 2010	2	405	(6,649)	2,532	3,175	(535)	1,440	905
Actuarial gains	–	–	1	–	–	1	–	1
Net loss	–	–	(530)	–	–	(530)	(338)	(868)
Balance as of 31 December 2011	<u>2</u>	<u>405</u>	<u>(7,178)</u>	<u>2,532</u>	<u>3,175</u>	<u>(1,064)</u>	<u>1,102</u>	<u>38</u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Year ended</i>		
	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Cash flows from operating activities:			
Net loss	(868)	(2,474)	(1,321)
Adjustments to reconcile net loss to net cash provided by (used in) in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	100	87	85
Share-based compensation	–	339	33
Accrued interest on long-term loan and non-current liabilities	609	274	50
Change in employee benefit liabilities, net	(2)	16	1
Loss from sale of property and equipment	3	4	6
Gain from changes in fair value of biological assets	(1,246)	(304)	–
Changes in asset and liability items:			
Decrease (increase) in Government authorities and accounts receivable	23	(43)	11
Increase (decrease) in trade payables	29	(156)	6
Increase in employee benefit liabilities	12	–	–
Increase in related parties	98	–	–
Increase (decrease) in accrued expenses and other accounts payable	(190)	263	127
	(564)	480	319
Cash paid during the year for:			
Interest	–	(28)	–
Net cash provided by (used in) operating activities	<u>(1,432)</u>	<u>(2,022)</u>	<u>(1,002)</u>

The accompanying notes are an integral part of the consolidated financial information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Year ended</i>		
	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Cash flows from investing activities:			
Long-term deposits	–	(1)	–
Investment in biological assets	(331)	(291)	–
Proceeds from sale of biological assets	–	–	86
Purchase of property and equipment	(2,472)	(477)	(42)
	<u>(2,803)</u>	<u>(769)</u>	<u>44</u>
Net cash provided by (used) in investing activities			
Cash flows from financing activities:			
Receipt (repayment) of short-term bank credit	–	(17)	17
Issue of capital notes	–	3,382	610
Receipt (repayment) of short-term loan	57	(300)	300
Repayment of long-term lease	(10)	(5)	(5)
Transactions with non-controlling interests	–	4,750	–
Receipt of long-term loan	850	–	–
Issuance of shares	–	1	–
	<u>897</u>	<u>7,811</u>	<u>922</u>
Net cash provided by financing activities			
Increase (decrease) in cash and cash equivalents	(3,338)	5,020	(36)
Cash and cash equivalents at beginning of year	5,028	8	44
	<u>1,690</u>	<u>5,028</u>	<u>8</u>
Cash and cash equivalents at end of year			

The accompanying notes are an integral part of the consolidated financial information.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

NOTE 1: GENERAL

- a. DekelOil Public Limited (“the Company”) is a limited liability company incorporated in Cyprus on 24 October 2007, The Company is engaged in developing and cultivating palm oil (“CPO”) plantations in Côte d'Ivoire for the purpose of producing and marketing Crude Palm Oil. The Company's registered office is in Limassol, Cyprus.

Substantially all of the Company's oil palm development activities are carried out by its subsidiary DekelOil CI SA (see also Note 1c).

- b. CS DekelOil Siva Ltd. (“DekelOil SIVA”) was incorporated in Cyprus on 7 November 2008. At present, 51% of the issued shares in DekelOil SIVA are owned by DekelOil Public Limited while the remaining 49% of the issued shares are owned by Biopalm Energy Limited (“Biopalm”) (see also Note 13b).
- c. The Company established a subsidiary in Côte d'Ivoire, DekelOil CI SA, currently held 99.85 per cent., by DekelOil SIVA. DekelOil CI SA was incorporated in March 2008. DekelOil CI SA is engaged in developing and cultivating palm oil plantations for the purpose of producing and marketing CPO. DekelOil CI SA is currently constructing its first palm oil mill.
- d. On 22 January 2008, DekelOil Consulting Ltd was established in Israel. This company, which is presently a wholly-owned subsidiary of DekelOil SIVA, is engaged in providing services to the Company and its subsidiaries.

- e. Definitions:

The Group	–	DEKELOIL PUBLIC LIMITED and its subsidiaries.
The Company	–	DEKELOIL PUBLIC LIMITED.
Subsidiaries	–	Companies that are controlled by the Company- CS DekelOil SIVA Ltd, DekelOil CI SA, DekelOil Consulting Ltd.
Related parties	–	As defined in IAS 24.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- a. Measurement basis:
The financial information has been prepared on a cost basis, except for biological assets which are measured at fair value.
- b. Basis of preparation of the financial information:
The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by European Union. These Standards comprise:
1. International Financial Reporting Standards (IFRS).
 2. International Accounting Standards (IAS).
 3. Interpretations issued by the IFRIC and by the SIC.
- c. Consistent accounting policies:
The following accounting policies have been applied consistently in the financial information for all periods presented, unless otherwise stated.

- d. Changes in accounting policies in view of the adoption of new standards:

IAS 24 – Related Party Disclosures:

The amendment to IAS 24 (“the Amendment”) clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised Standard introduces a partial exemption of disclosure requirements for government-related entities. The Amendment has been applied retrospectively from 1 January 2011.

The retrospective application of the Amendment did not have a material effect on the Company's financial statements.

IFRS 3 (Revised) – Business Combinations:

Measurement of non-controlling interests:

The amendment limits the circumstances in which it is possible to choose the measurement of non-controlling interests based on their fair value on the date of acquisition or at their proportionate share in the recognized amounts of the acquiree's identifiable net assets. According to the amendment, this possibility is only available for types of non-controlling interests that are present ownership interests and entitle their holders to a pro rata share of the acquiree's net assets in the event of liquidation (usually shares). In contrast, for other types of non-controlling interests (such as options that represent equity instruments of the acquiree) no such choice is available, and they are measured at fair value on the acquisition date, unless another measurement basis is required by IFRS such as IFRS 2. The amendment has been applied retrospectively from the date of original adoption of IFRS 3 (Revised).

The retrospective application of the amendment did not have a material effect on the Company's financial statements.

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues:

The amendment to IAS 32 (“the Amendment”) provides that rights, options or warrants to acquire a fixed number of the Company's equity instruments for a fixed amount of any currency are classified as equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its non-derivative equity instruments. The Amendment has been applied retrospectively from 1 January 2011.

The retrospective application of the Amendment did not have any effect on the Company's financial statements.

IFRS 7 – Financial Instruments: Disclosure:

The amendment to IFRS 7 (“the Amendment”) clarifies the Standard's disclosure requirements. In this context, emphasis is placed on the interaction between the quantitative disclosures and the qualitative disclosures and the nature and extent of risks arising from financial instruments. The Amendment also reduces the disclosure requirements for collateral held by the Company and revises the disclosure requirements for credit risk. The Amendment has been applied retrospectively commencing from the financial statements for periods beginning on 1 January 2011.

The retrospective application of the Amendment did not have any effect on the Company's financial statements.

- e. Significant accounting estimates and assumptions used in the preparation of the financial statements:

1. Judgments:

In the process of applying the significant accounting policies, the Group has made the following judgments which have a significant effect on the amounts recognized in the financial statements:

Classification of leases:

In order to determine whether to classify a lease as a finance lease or an operating lease, the Company evaluates whether the lease transfers substantially all the risks and benefits incidental to ownership of the leased asset. In this respect, the Company evaluates such criteria as the existence of a “bargain” purchase option, the lease term in relation to the economic life of the

asset and the present value of the minimum lease payments in relation to the fair value of the asset.

Fair value of biological assets:

The biological assets are stated at fair value. Management made the judgment that cost approximates fair value of biological assets in a nursery because little biological transformation has taken place since its initial cost incurrence.

Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined by applying the market approach using recent third party transaction in the equity of the company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

Transactions with controlling shareholders:

The Company issued capital notes to controlling shareholders at non-market conditions. The Company accounts for these transactions as including an equity benefit (capital contribution). Accordingly, they are initially recorded at fair value pursuant to IAS 39 and the amount of the benefit that is recorded in equity reflects the difference between the fair value and the face value based on the terms of the transaction. In determining the benefit, the Company is required to evaluate the market conditions that existed on the date of the transaction.

2. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Biological assets:

The Group measures its mature and immature plantations included in biological assets at fair value less estimated cost to sell, based on a discounted cash flow model by engaging a professional valuer. The inputs to the cash flow model are derived from the professional valuer's assumptions of crude palm oil prices, fresh fruit bunches yield, and oil extraction rate applied on the estimated CPO price based on observable market data over the remaining useful life of mature and immature plantation. Due to long-term nature of these assets, such assumptions are subject to significant uncertainty. For further details of key assumptions, see I. below.

f. Functional currency, presentation currency and foreign currency:

The local currency used in Côte d'Ivoire is the West African CFA Franc, which has a fixed exchange rate with the Euro. A substantial portion of the Group's revenues and expenses is incurred in or linked to the Euro. The group obtains debt financing in Euros and the funds of the Group are held in Euros. Therefore, the Company's management has determined that the Euro is the currency of the primary economic environment of the Group, and thus its functional and presentation currency.

Monetary assets and liabilities denominated in non-Euro currencies are translated into Euro at the exchange rate on the balance sheet date. Transactions in non-Euro currencies are translated into Euros at the exchange rate on the date of transaction. Exchange differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

g. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group.

Non-controlling interests of subsidiaries represent the non-controlling shareholders' share of the total comprehensive income (loss) of the subsidiaries and fair value of the net assets upon the acquisition of the subsidiaries. The non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company.

Upon the disposal of a subsidiary that does not result in a loss of control, an increase/a decrease in equity (capital reserve from transactions with non-controlling interests) is recognized for the amount of the difference between the consideration received by the Group and the carrying amount of the non-controlling interests in the subsidiary which has been added to the Company's equity.

h. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

i. Financial instruments:

Loans and receivables:

Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs.

After initial recognition, loans are measured based on their terms at amortized cost using the effective interest method and less any impairment losses. Short-term receivables are measured based on their terms, normally at face value.

Interest-bearing loans:

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities:

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor (the Group):

- discharges the liability by paying in cash, other financial assets, goods or services; or
- is legally released from the liability.

Where an existing financial liability is exchanged with another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amount of the above liabilities is recognized in profit or loss. If the exchange or modification is not substantial, it is accounted for as a change in the terms of the original liability and no gain or loss is recognized on the exchange.

j. Borrowing costs:

The Group capitalizes borrowing costs that are attributable to the acquisition, construction, or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.

The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in a reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

k. Leases:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee:

Finance lease:

Finance leases transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset. At the commencement of the lease term, the leased assets are measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The liability for lease payments is presented at its present value and the lease payments are apportioned between finance charges and a reduction of the lease liability using the effective interest method.

After initial recognition, the leased asset is accounted for according to the accounting policy applicable for this type of asset.

Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

l. Biological assets:

Biological assets, which include mature and immature palm oil plantations, are stated at fair value. Gains/losses arising on initial recognition of plantations at fair value, and the changes in fair value at each reporting date are included in profit or loss for the period in which they arise. palm oil trees have an average life of 25 years, with the first three years as immature and the remaining 22 years as mature. The fair value of the palm oil plantation is estimated by using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the palm oil plantations is determined using: the estimated development cost during first three years till maturity, the market price and the estimated yield of the agricultural produce, being fresh fruit bunches ("FFB"), net of maintenance and harvesting costs.

The estimated yield of the palm oil is affected by the age of the palm oil trees. The market price of the fresh fruit bunches is a mandatory fixed price derived from the market price of the final product ,Crude Palm Oil ("CPO") ,based on a formula in use in Côte d'Ivoire.

Significant assumptions made in determining the fair values of the palm oil plantations are as follows:

- (a) Palm oil trees have an average life that ranges to 25 years, with the first three years as immature and the remaining years as mature.
- (b) The plantation yield gradually increases to 20 tons per hectare at the age of 7 years.
- (c) Discount rate used for the valuation as of 31 December 2011 and 2010, is 18 per cent. and 20 per cent., respectively.
- (d) The FFB price is derived by applying the oil extraction rate to the estimated CPO price of €690 per metric ton.

m. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers and software	33
Electronic equipment	15
Office furniture and equipment	15 – 20
Motor vehicles	25
Agriculture equipment	15
Leasehold improvements	10

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

n. Revenue recognition:

Revenues are recognized in profit or loss to the extent that it is probable that the economic benefits will flow to the Company and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received less any trade discounts, volume rebates and returns.

The Company generates revenues mainly from sales of plants.

o. Earnings (loss) per share:

Earnings (loss) per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

Basic earnings (loss) per share only include shares that were actually outstanding during the period. Potential Ordinary shares are only included in the computation of diluted earnings (loss) per share when their conversion decreases earnings (loss) per share or increases loss per share from continuing operations.

Further, potential Ordinary shares that are converted during the period are included in diluted earnings (loss) per share only until the conversion date and from that date in basic earnings (loss) per share. The Company's share of earnings of investees is included based on the earnings (loss) per share of the investees multiplied by the number of shares held by the Company.

p. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are measured according to the estimated future cash flows discounted using a pre-tax interest rate that reflects the market assessments of the time value of money and, where appropriate, those risks specific to the liability.

q. Employee benefit liabilities:

The Group liability for severance pay relates to DekelOil Consulting Ltd. Pursuant to Israel's Severance Pay Law, severance pay is based on the last monthly salary of the employee multiplied by the number of years of employment, as of the date of severance.

The cost of providing severance pay is determined using an independent actuary. Actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they occur.

r. Fair value of financial instruments:

The carrying amounts of cash and cash equivalents, short-term bank deposits, short-term bank loans, trade payables and other accounts payable approximate their fair value due to the short-term

maturity of such instruments. As of 31 December 2009, 2010 and 2011, the carrying amounts of the Company's long-term liabilities also approximates their fair value.

s. Share-based payment transactions:

The Company applies the provisions of IFRS 2, "Share-Based Payment". IFRS 2 requires an expense to be recognized where the Company buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the Company is the expensing of employees' and directors' share options (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair values of Ordinary shares for the purpose of calculating the fair values of options were determined by applying the market approach using recent third party transaction in the equity of the Company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The Group's employees are entitled to remuneration in the form of equity-settled share-based payment.

t. Finance income and expenses:

Finance income includes interest income on amounts invested and exchange rate gains.

Finance expenses comprise interest expense on bank loan fees and exchange rate loss.

Gain and/or losses on exchange rate differences are reported on a net basis.

u. Taxes on income:

Taxes on income in the statement of income comprise current and deferred taxes. Current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item.

Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes:

Deferred taxes are computed in respect of temporary difference between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or in equity.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Temporary differences (such as carryforward losses) for which deferred tax assets had not been recognized are reviewed at the end of each reporting period and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

v. Disclosure of new IFRSs in the period prior to their adoption:

IAS 1 – Presentation of Financial Statements:

In June 2011, the IASB issued an amendment to IAS 1 (“the Amendment”) which provides guidance for the presentation of other comprehensive income. According to the Amendment, items which may be carried to profit or loss at a later stage (such as upon derecognition or recovery) should be presented separately from items that can never be carried to profit or loss.

The Amendment is to be applied retrospectively commencing from the financial statements for annual periods beginning on 1 January 2013, or thereafter. Earlier application is permitted.

The Company believes that the Amendment is not expected to have a material effect on the financial statements.

IAS 19 (Revised) – Employee Benefits:

In June 2011, the IASB issued IAS 19 (Revised) (“the Standard”). The principal amendments included in the Standard are:

- Actuarial gains and losses will only be recognized in other comprehensive income and not recorded in profit or loss.
- The “corridor” approach which allowed the deferral of actuarial gains or losses has been eliminated.
- The return on the plan assets is recognized in profit or loss based on the discount rate used to measure the employee benefit liabilities, regardless of the actual composition of the investment portfolio.
- The distinction between short-term employee benefits and long-term employee benefits will be based on the expected settlement date and not on the date on which the employee first becomes entitled to the benefits.
- Past service cost arising from changes in the plan will be recognized immediately.

The Standard is to be applied retrospectively in financial statements for annual periods commencing on 1 January 2013, or thereafter. Earlier application is permitted.

The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IAS 32 – Financial Instruments: Presentation and IFRS 7 – Financial Instruments: Disclosure:

In December 2011, the IASB issued amendments to IAS 32 and amendments to IFRS 7 regarding the offsetting of financial assets and liabilities. The Company estimates that these amendments are not expected to have a material impact on its financial statements.

IFRS 7 – Financial Instruments: Disclosure:

The amendment to IFRS 7 (“the Amendment”) provides new and expansive disclosure requirements regarding the derecognition of financial assets. The Company estimates that the Amendment is not expected to have a material impact on its financial statements.

IFRS 9 – Financial instruments: Classification and Measurement

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The Standard is effective for annual periods beginning on or after 1 January 2015. The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IFRS 10 – Consolidated Financial Statements

IFRS 10 addresses the accounting for consolidated financial statements. It establishes a single control model that applies to all entities. The Standard is effective for annual periods beginning on or after 1 January 2013. The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IFRS 13 – Fair Value Measurement:

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required under IFRS. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 also prescribes certain specific disclosure requirements.

The new disclosures, and the measurement of assets and liabilities pursuant to IFRS 13, are to be applied prospectively for annual periods commencing on 1 January 2013 or thereafter.

The appropriate disclosures will be included in the Company's financial statements upon initial adoption of IFRS 13. As for the effect on the financial statements, the Company believes that IFRS 13 is not expected to have a material impact on its financial statements.

NOTE 3: CASH AND CASH EQUIVALENTS

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Cash at bank and on hand	182	328	8
Short-term deposit	1,508	4,700	–
	<u>1,690</u>	<u>5,028</u>	<u>8</u>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

NOTE 4: GOVERNMENT AUTHORITIES AND ACCOUNTS RECEIVABLE

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Government authorities (VAT)	6	14	2
Loans to employees	9	2	–
Prepaid expenses and other receivables	16	38	9
	<u>31</u>	<u>54</u>	<u>11</u>

NOTE 5: LONG TERM DEPOSIT

The long-term deposit is held for periods over a year, and is linked to the Israeli Consumer Price Index ("CPI").

NOTE 6: BIOLOGICAL ASSETS

Biological assets comprise primarily development activities of oil palm oil plantation with the following movements in their carrying value:

	<i>2011</i>	<i>2010</i>
	<i>Euros in thousands except planted area data</i>	
Planted area, Hectares	<u>1,279</u>	<u>396</u>
At fair value		
1 January	406	–
Additions	385	102
Gain arising from changes in fair value	<u>1,246</u>	<u>304</u>
31 December	<u><u>2,037</u></u>	<u><u>406</u></u>

Company plantations are held by the Company's subsidiary DekelOil CI SA. Most of the plantations are planted according to agreements with land owners under which DekelOil CI SA develops palm oil plantations on the land and the land owner is entitled to receive a third of the annual agriculture profit generated from the plantation, being the revenue from the sale of FFB less the cost of cultivation and harvesting of the plantation.

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Palm Oil plantations	2,037	406	–
Palm Oil plants	<u>146</u>	<u>200</u>	<u>11</u>
	<u><u>2,183</u></u>	<u><u>606</u></u>	<u><u>11</u></u>

Biological assets in the statement of financial position include mature and immature palm oil plantations that are stated at fair value and unplanted palm oil plants in a nursery that are measured at historical cost.

NOTE 7: PROPERTY AND EQUIPMENT, NET

Composition and movement:

	Computers and peripheral equipment	Electronic equipment	Office furniture and equipment	Motor vehicles *	Agriculture equipment	Mill and nursery land **	Extraction Mill under con- struction ***	Leasehold improve- ments	Total
Cost:									
Balance as of									
1 January 2009	26	6	17	83	334	-	-	-	466
Acquisitions during the year	-	-	-	-	38	-	4	42	
Disposal during the year	-	-	-	(18)	-	-	-	-	(18)
Balance as of 31 December 2009	26	6	17	65	334	38	-	4	490
Acquisitions during the year	6	-	3	92	-	-	366	-	467
Capitalized borrowing cost	-	-	-	-	-	-	16	-	16
Balance as of 31 December 2010	32	6	20	157	334	38	382	4	973
Acquisitions during the year	6	-	1	24	5	-	2,247	-	2,283
Capitalized borrowing cost	-	-	-	-	-	-	189	-	189
Balance as of 31 December 2011	38	6	21	181	339	38	2,818	4	3,445
Accumulated depreciation:									
Balance as of									
1 January 2009	5	1	2	9	17	-	-	1	35
Depreciation during the year	6	2	10	9	56	-	-	2	85
Balance as of 31 December 2009	11	3	12	18	73	-	-	3	120
Depreciation during the year	10	-	9	73	-	-	-	-	92
Disposal during the year	-	-	(3)	-	-	-	-	(2)	(5)
Balance as of 31 December 2010	21	3	9	27	146	-	-	1	207
Depreciation during the year	10	1	4	17	67	-	-	1	100
Balance as of 31 December 2011	31	4	13	44	213	-	-	2	307
Depreciated cost as of 31 December 2011	<u>7</u>	<u>2</u>	<u>8</u>	<u>137</u>	<u>126</u>	<u>38</u>	<u>2,818</u>	<u>2</u>	<u>3,138</u>
Depreciated cost as of 31 December 2010	<u>11</u>	<u>3</u>	<u>11</u>	<u>130</u>	<u>188</u>	<u>38</u>	<u>382</u>	<u>3</u>	<u>766</u>
Depreciated cost as of 31 December 2009	<u>15</u>	<u>3</u>	<u>5</u>	<u>47</u>	<u>261</u>	<u>38</u>	<u>-</u>	<u>1</u>	<u>370</u>

* In November 2010 DekelOil Consulting signed a capital lease agreement to lease a vehicle. The lease is for three years and the monthly payment is NIS 2,240 linked to the Israeli CPI. At the end of the period, DekelOil Consulting has an option to buy the car for NIS 90,000 or to return it (see also note 10).

** On 24 June 2008, the Company signed a lease agreement for 42 hectares near the village of Ayenouan. The agreement is with the village of Adao and the people occupying the land in Ayenouan. The lease is for 90 years and the payment for the lease is FCFA 3,000,000 (app. €4,573) per year (see also note 10).

*** On 19 January 2011, a subsidiary of the Company, DekelOil CI SA, signed the agreement with Modipalm Engineering Limited ("Modipalm"), a Malaysian company, for the engineering, manufacturing, delivering and installing a palm oil extraction mill in Côte d'Ivoire. The total value of the agreement is €9,596 thousands. On 22 January 2011, DekelOil CI SA signed an agreement with Boilermech SDN BHD, a Malaysian company, for designing, manufacturing and installing steam boiler for the palm oil extraction Mill being constructed by Modipalm in Côte d'Ivoire. The total value of the agreement is US\$1,010 thousands. The construction of the steam boiler will be in coordination with the construction of the Mill by Modipalm. As of 31 December 2011 DekelOil CI SA has paid Modipalm down payment of €1,670 thousands.

NOTE 8: SHORT-TERM LOAN

	2011	31 December 2010	2009
	<i>Euros in thousands</i>		
Short-term loan	57	–	328
	<u>57</u>	<u>–</u>	<u>328</u>

During 2009 the Company received a loan from a related party. The loan was repaid during 2010. During 2011, the Company received several long-term loans (see also Note 12). The €57 thousands represents the current maturities of those loans.

NOTE 9: OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2011	31 December 2010	2009
	<i>Euros in thousands</i>		
Employees and payroll accruals	87	137	95
Accrued expenses	130	270	85
	<u>217</u>	<u>407</u>	<u>180</u>

NOTE 10: LONG-TERM CAPITAL LEASE

In November 2010 DekelOil Consulting signed a capital lease agreement to lease a vehicle. The lease is for three years and the monthly payment is NIS 2,240 linked to the Israeli CPI. At the end of the period, DekelOil Consulting has an option to buy the car for NIS 90,000 or return it (see also Note 7).

On 24 June 2008, DekelOil CI SA signed a lease agreement for 42 hectares near the village of Ayenouan, Côte d'Ivoire. The agreement is with the village of Adao and the people occupying the land in Ayenouan. The lease is for 90 years and the payment for the lease is FCFA 3,000,000 (app. €4,573) per year (see also Note 7).

The Company has agreed orally with the village that from 2013 an additional FCFA 500,000 (approximately €762) per year will be added to the current lease price (see also Note 7).

NOTE 11: ACCRUED SEVERANCE PAY, NET

Severance pay in Israel is regarded as a post-employment benefit.

a. The plan (assets) liabilities, net:

	2011	31 December 2010	2009
	<i>Euros in thousands</i>		
Defined benefit obligation	52	37	14
Fair value of plan assets	(29)	(12)	(5)
	<u>23</u>	<u>25</u>	<u>9</u>

b. Changes in the defined benefit obligation:

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Liability at the beginning of the year	37	14	11
Interest cost	2	–	–
Current service cost	14	14	6
Expense recognized in the profit or loss			
Actuarial loss (gain) recognized in the year	(1)	9	(3)
Liability at the end of the year	<u>52</u>	<u>37</u>	<u>14</u>

c. Changes in plan assets:

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Assets at the beginning of the year	12	4	5
Contributions by employer	16	10	2
Expected return	1	–	–
Actuarial gain (loss) recognized in the year	–	(2)	(3)
Assets at the end of the year	<u>29</u>	<u>12</u>	<u>4</u>

c. Expense recorded in statement of income:

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Interest cost	2	–	–
Current service cost	14	14	6
	<u>16</u>	<u>14</u>	<u>6</u>

e. The actuarial assumptions used are as follows:

	<i>Year ended</i>		
	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
Discount rate	<u>5.25%</u>	<u>5.43%</u>	<u>5.84%</u>
Expected rate of return on plan assets	<u>5.43%</u>	<u>5.84%</u>	<u>6.07%</u>
Future salary increases	<u>5.43%</u>	<u>5.84%</u>	<u>3.66%</u>
Average expected remaining working years	<u>9.92</u>	<u>9.92</u>	<u>9.92</u>

NOTE 12: LONG-TERM LOAN

a. Comprised as follows:

	<i>Linkage</i>	<i>Interest rate as of</i>	<i>31 December</i>
	<i>terms</i>	<i>2011</i>	<i>2011</i>
			<i>Euros in thousands</i>
BOAD	In FCFA	10.5%	883
Diamond Bank	In FCFA	12.5%	24
Less – current maturities			57
			850
			850

- b. 1. On 3 August 2010, DekelOil CI SA, signed a loan agreement with the West Africa Development Bank (“BOAD”) according to which the subsidiary will receive a loan at the amount of up to FCFA 4,500,000 thousands (approximately €6,860 thousands). The BOAD loan shall bear interest at a rate of 10.50% per annum which would be payable on the maturity of each interest period (31 January and 31 July). The loan has tenure of eight years, and shall be repaid in 10 semi-annual installments over five years, commencing after a grace period on principal payments of three-years.

On 2 September 2011, DekelOil CI SA made its first withdrawal from BOAD at the sum of €835 thousand. This sum was paid directly to Modipalm as half of the down payment in accordance with the agreement with Modipalm (see also Note 7).

2. On 5 February 2010, DekelOil CI SA, signed a loan agreement with the agreement with the Bank of Investment and Development of CEDEAO (“EBID”) according to which EBID agreed to grant DekelOil CI SA a facility of up to FCFA 4,886,880 thousand (approximately €7,450 thousand).

The EBID loan will bear interest at a rate of 10.50 per cent. per annum. The loan has a tenure of eight years, and shall be repaid in 20 quarterly installments over five years, commencing after a grace period on principal payments of three-years.

As of 31 December 2011 the company didn't utilize this loan.

As a security for the above loans, DekelOil CI SA provided a lien over the equipment purchased from Modipalm and Boilermech (see also Note 7), a floating charge over the DekelOil CI SA assets, credit insurance coverings of up to approximately €4,500 thousand was purchased from Fond Gari and approximately €7,550 thousand was purchased from Laloyale, and as security for this guarantee of first demand the Company provided a corporate guarantee from the Group and a lien over revenue that will be generated from 600 hectares of palm oil plantations.

3. In July 2011, a subsidiary of the Company, DekelOil CI SA, signed a line of credit agreement with the Diamond Bank for financing the purchase of vehicles and other equipment, according to which the subsidiary will receive a loan amount of up to €1,330 thousand. Loan withdrawals can be made provided that the DekelOil CI SA will deposit 30 per cent. of the amount for each specific purchase. The loan is for a term of three years from the date of each loan withdrawal, with a grace period of three months. The loan shall bear interest at a rate of 12.5 per cent. per annum.

As of December 2011 the outstanding loan amount is €24 thousand.

4. In July 2011, DekelOil CI SA, signed a line of credit agreement with the Diamond Bank for financing the working capital of the Mill that is under construction. According to the agreement the subsidiary will receive an annual line of credit of up to €5,330 thousands. The line of credit

shall bear interest at a rate of 12 per cent. per annum, and shall be secured by either a financial guarantee or a lien over the CPO at the storage tanks.

As of 31 December 2011 the Company didn't use the credit line.

NOTE 13: CAPITAL NOTE

Comprises as follows:

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Due to shareholders (a)	2,286	2,032	1,770
Due to shareholders of a subsidiary (b)	3,238	2,878	–
	<u>5,524</u>	<u>4,910</u>	<u>1,770</u>

- a. In 31 December 2008, the shareholders of the Company invested in the Company a total amount of €3,470 thousands by way of capital notes.

In 31 December 2009, the shareholders of the Company invested in the Company a total amount of €610 thousands by way of capital notes.

In 31 December 2010, the shareholders of the Company invested in the Company a total amount of €81 thousands by way of capital notes.

The capital notes are linked to the Euro and are payable by the earlier of: (a) prior to first dividend distribution by the Company to its shareholders, or (b) on 31 January 2017, provided the Company has profits available for distribution. Payment of the principal of these capital notes is subordinated and junior in right of payment to the Company's obligation to pay principal and interest on its indebtedness.

The fair value of the capital notes was determined at transaction date by discounting the expected future payments relating to each capital note using the cost of debt of the Group estimated at 12.5 per cent.

As of 31 December 2008 differences between the capital notes face amount according to their terms and their fair value at the date of transaction were recorded as a capital reserve in the amount of €2,132 thousands.

As of 31 December 2009 differences between the capital notes face amount according to their terms and their fair value at the date of transaction were recorded as a capital reserve in the amount of €355 thousands.

As of 31 December 2010 differences between the capital notes face amount according to their terms and their fair value at the date of transaction were recorded as a capital reserve in the amount of €45 thousands.

- b. On 22 June, 2010 the Company, CS DekelOil Siva Limited and Biopalm Energy Limited entered into an investment agreement. According to the investment agreement, Biopalm acquired a 49% interest of a wholly owned subsidiary of the Company (CS DekelOil Siva Ltd, a Cypriot company created for that purpose) for a consideration of €8.3 million, which was invested in the subsidiary. The €8.3 million investment consisted of €5 million of equity and €3.3 million as a capital note with the following terms:

The capital note accrues interest at 10 per cent. per year until paid and the interest is payable semi-annually.

Amounts drawn down by CS DekelOil Siva Limited under the capital note would either be repaid or converted into share premium in CS DekelOil Siva Limited. Assessment will be made after 3 years and after 7 years from the disbursement date (i.e. 1 November 2010) as follows:

- (i) If the subsidiary of the Company will reach an IRR of 40% during either of these dates (3 or 7 years), then the capital note, principal and accrued interest will be converted to share premium; or
- (ii) If the subsidiary of the Company will not reach an IRR of 40% after 7 years, then the capital note is payable to Biopalm.

The fair value of the capital note was determined at transaction date by discounting the expected future payments relating to the capital note using the cost of debt of the Group estimated at 12.5 per cent. The difference between the capital note face amount according to its terms and its fair value at the date of transaction in the amount of €480 thousands was accounted for as part of the equity investment of Biopalm in the subsidiary.

The differences between the capital notes amount according to its terms and their fair value at the date of transaction were recorded as a capital fund.

NOTE 14: EQUITY

- a. Composition of share capital:

	<i>31 December 2011, 2010 and 2009 Authorized</i>	<i>2011</i>	<i>31 December 2010</i>	<i>2009</i>
		<i>Issued and outstanding Number of shares</i>		
Ordinary shares of €0.01 par value each	<u>1,000,000</u>	<u>222,350</u>	<u>222,350</u>	<u>111,112</u>

See note 22 regarding changes in authorized and issued shares subsequent 31 December 2011.

Ordinary shares:

Each Ordinary share confers upon its holder voting rights, the right to receive cash and share dividends, and the right to share in excess assets upon liquidation of the Company.

- b. Share option plan:

On 3 April 2008, the shareholders of the Company adopted a share option plan ("the 2008 plan"), according to which shares will be granted to employees.

In July 2008, the Company's Board of Directors authorized an incentive share option plan ("the Option Plan") and has granted options to employees to purchase Ordinary shares. Under the Option Plan, the options were vested till 31 December 2010. During this period the granted options had an anti dilution protection to increase the number of options in such number that the grantee will hold 5 per cent. of the Company subsidiary, CS DekelOil Siva Ltd. As of 31 December 2011, 50,550 options were granted and are fully vested.

The fair value of share-based payment transactions is determined by applying the market approach using recent third party transaction in the equity of the Company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

The fair value of each options granted was €8.

A summary of the activity in options for the years 2011, 2010 and 2009 is as follows:

	Year ended 31 December					
	2011		2010		2009	
	Number of options	Exercise price Euro	Number of options	Exercise price Euro	Number of options	Exercise price Euro
Outstanding at beginning of year	50,550	0.01	12,346	0.01	12,346	0.01
Granted		0.01	38,204	–	–	–
Outstanding at end of year	<u>50,550</u>	<u>0.01</u>	<u>50,550</u>	<u>0.01</u>	<u>12,346</u>	<u>0.01</u>
Exercisable options	<u>50,550</u>	<u>0.01</u>	<u>50,550</u>	<u>0.01</u>	<u>8,234</u>	<u>0.01</u>

c. Capital reserve

The capital reserve comprises the contribution to equity of the Company by the controlling shareholders – see note 13.

NOTE 15: REVENUES

The Company has one reportable operating segment. The Company's revenues for the years ended 2009, 2010 and 2011 are derived from the sales of plants.

NOTE 16: INCOME TAXES

a. Carryforward losses:

As of 31 December 2011, 2010 and 2009, the Company had accumulated losses for Cypriot tax purposes of approximately €1,751 thousand, €1,725 thousand and €1,308 thousand, respectively, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

As of 31 December 2011 and 2010, the subsidiary of the Company, CS DekelOil Siva Ltd, had accumulated losses for Cypriot tax purposes of approximately €2,455 thousand and €1,482 thousand, respectively, which may be carried forward, in order to offset taxable income in the future, for an indefinite period

As of 31 December 2011, 2010 and 2009, the tax loss carryforwards of DekelOil CI SA, the Company's subsidiary in Côte d'Ivoire amounted to approximately €4,557 thousand, €3,763 thousand and €3,207 thousand, respectively, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

b. Tax rates applicable to the income of the Company and its subsidiaries:

The Company and its subsidiary, CS DekelOil Siva Ltd, were incorporated in Cyprus and are taxed according to Cyprus' tax laws. The statutory federal tax rate is 10%.

The subsidiary, DekelOil CI SA, was incorporated in Côte d'Ivoire and is taxed according to Côte d'Ivoire tax laws. Based on its investment plan, DekelOil CI SA is to receive a full tax exemption from local income tax "Tax on Industrial and Commercial profits" for the first six years following the completion of its current investment plan involving plantations and construction of a palm oil plant (currently 2013), 50 per cent. tax exemption for the seventh year and 25 per cent. tax exemption for the eighth year.

The tax exemptions are conditional upon meeting the terms of the investment plan, including a minimum investment by June 2013 and creation of a minimum number of permanent jobs in Côte d'Ivoire. The Group is currently intending to meet all of the conditions, but if it is unable to do so, the Group intends to seek a further extension of the time period to meet the conditions.

The subsidiary DekelOil Consulting Ltd was incorporated in Israel and is taxed according to Israeli tax laws.

c. *Tax assessments:*

As of 31 December 2011 The Company and its subsidiaries had not yet received tax assessments. See also Note 22 – subsequent events.

d. *Deferred taxes:*

Deferred tax assets relating to carryforward losses and other temporary deductible differences in excess of temporary taxable differences have not been recognized because their utilization in the foreseeable future is not probable.

NOTE 17: COMMITMENTS

a. *Operating leases:*

The Group has several rental and lease agreements which expire on various dates, the latest of which is in 2013, except the plantations lease with an annual payment of €7 thousand which ends in 2035.

The annual payments under those agreements are as follows:

<i>Year</i>	<i>Euros in thousands</i>
2012	34
2013	7
2014-2035	7

The Company can be released from those agreements with a maximum notice of six months.

b. *Other commitments:*

1. DekelOil CI SA signed contracts with cooperatives and with farmers that are members in these cooperatives and hold a total of approximately 17,000 hectares of existing palm oil plantations in Côte d'Ivoire. Under the contracts, once the subsidiary's palm oil extraction Mill will be operational, the cooperatives and the farmers are committed to sell, and the subsidiary is committed to purchase the oil fresh fruit branches ("FFB") from the cooperative based on market prices at the time of harvest.

In addition the subsidiary has the right to register a 40 year lease over the plantations.

2. In 2008 DekelOil CI SA signed a conditional contract with a cooperative in Côte d'Ivoire under which it the cooperative and its members are committed to sell and the subsidiary is committed to purchase the FFB from the cooperative based on market prices at the time of harvest. The members of the cooperative have approximately 10,000 hectares of existing oil palm plantations. The contract becomes effective for a period of 20 years commencing from the date the Company's palm oil Mill becomes operational.

Pursuant to employment agreements two employees of a subsidiary of the Company will be entitled to a bonus of €50 thousand each when the palm oil plant becomes operational (see also note 20 b2).

3. With regards to the Group plantations totaling 1,279 hectares, see also note 6.

NOTE 18: SUPPLEMENTARY INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME

	<i>Year ended</i>		
	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
a. Operating expenses:			
Salaries and related benefits	85	55	49
Plants, seeds and chemicals	133	28	104
Sales commission	2	1	–
Lease and office maintenance	30	24	14
Travel expenses, net	11	8	6
Depreciation and amortization	66	65	65
Subcontractors	55	61	40
	<u>382</u>	<u>242</u>	<u>278</u>
b. General and administrative expenses:			
Salaries and related benefits	572	571	400
Subcontractors	338	204	116
Lease and office maintenance	163	168	170
Travel expenses	149	132	56
Legal & accounting fees	155	117	16
Vehicle maintenance	86	41	48
Communication	31	30	21
Brokerage fees	–	557	–
Depreciation	40	28	22
Share-based compensation	–	339	33
Other	95	61	136
	<u>1,629</u>	<u>2,248</u>	<u>1,018</u>
c. Finance income:			
Interest income from banks	122	27	–
Exchange rate differences	–	26	–
	<u>122</u>	<u>53</u>	<u>–</u>
d. Finance cost:			
Exchange rate differences	1	1	5
Loans and capital notes interest	512	382	204
Bank loans and fees	14	16	10
	<u>527</u>	<u>399</u>	<u>219</u>
Net of amounts capitalized	<u>189</u>	<u>16</u>	<u>–</u>

NOTE 19: EARNINGS (LOSS) PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings (loss) per share computations:

	Year ended 31 December		
	2011	2010	2009
	Euros in thousands		
Loss for the year	<u>868</u>	<u>2,474</u>	<u>1,321</u>
	2011	2010	2009
Weighted average number of Ordinary shares for computing basic and diluted earnings (loss) per share	<u>588,730,350</u>	<u>588,730,350</u>	<u>588,730,350</u>

All share options have been excluded from the calculation of diluted loss per share as their effect would be anti dilutive.

NOTE 20: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Year ended 31 December		
	2011	2010	2009
	Euros in thousands		
a. Balances:			
Capital notes (1)	5,524	4,910	1,770
Other long-term liabilities	<u>98</u>	<u>18</u>	<u>-</u>
b. Compensation of key management personnel of the Company:			
Services and expense reimbursements (2),(4)	442	158	216
Employee benefits (3)	113	119	87
Share-based compensation	<u>-</u>	<u>339</u>	<u>33</u>

(1) See Note 13) "Capital notes".

(2) See b4), 5) and 6) below "Significant agreements with related parties"

(3) Represents the total salary to related parties. Related benefits include annual social benefits of €6 thousands, €27 thousand and €37 thousand for 2009, 2010 and 2011 respectively.

(4) Represents the total payments to a subcontractor who is also a related party. See also note b (3).

b. Significant agreements with related parties:

1. In February 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, a director of the Company and the chairman of the Board of Directors of DekelOil CI SA. Under the employment agreement the director is entitled to a monthly salary of €6,500 per month during the period till the Company completed the fund raising for the first Mill (which should be no less than €10 millions) and €15,000 per month thereafter (excluding bonuses and benefits). It was agreed that upon operation of the Company's Mill, the base salary will be increased to €20,000 per month. The agreement is terminable by the Company with 24 months' notice. Under the terms of the agreement, the employee is entitled to various bonuses at different stages of the Company's development (including a bonus of €50,000 on the operation of the Mill). See also (4) below.
2. In March 2008, DekelOil Consulting Limited signed an employment agreement with a director of the Company and its Chief Financial Officer ("CFO"). According to the agreement the CFO is entitled to a salary of €6,000 per month during the period till the Company completed the fund

raising for the Mill (which should not be less than €10 millions) and €8,000 per month thereafter (excluding bonuses and benefits). It was agreed that upon operation of the Company's Mill, the base salary will be increased to €11,000 per month. The agreement is terminable by the Company with 24 months' notice. Under the terms of the agreement, the employee is entitled to various bonuses at different stages of the Company's development (including a bonus of €50,000 on the operation of the Mill). In addition, pursuant to this agreement, the employee received 25,278 options.

3. On 1 January 2008, DekelOil Consulting Limited signed employment agreements with a shareholder, a director of DekelOil Consulting Limited and CEO of the DekelOil CI SA, According to the agreement the employee is engaged with a current salary of €18,000 per annum. In addition, the Company signed a consulting agreement with Agro Technologies Ltd. ("Agro") on 1 January 2008. The employee is a related party of Agro. Under the terms of the consulting agreement, Agro will receive a monthly fee of €5,760 per month prior to the Company raising external investment in an amount not less than €2 million and not more than €10 million. It has also been agreed that Agro will be entitled to a fee of €9,600 (gross) if the Company manages to raise the entire amount in relation to its projects (as set out in its business strategy). Once the Company proceeds to first oil extraction plantation then the fee would be increased to €12,160 (gross) per month. In addition, pursuant to his employment agreement, the employee received 25,277 options. See also Note 22, "subsequent events".
4. On 20 May 2008, the Company signed a service agreement with Starten Ltd, a related company. The services provided by Starten to the Company and the Company's subsidiary are mainly: office space for the Company's main offices in Abidjan Cocody les Deux Plateaux, Villa 1383 06, Abidjan; maintenance, communication, internet and security services to the Company's main office; assistance to the Company and its subsidiary in its contacts with the state authorities in Côte d'Ivoire. The total remuneration for these services is €10,000 per month. The Company and Starten can terminate the agreement with a notice of 60 days. In addition, during 2011 and 2010 the amounts of €141 thousand and €52 thousand respectively were paid to Starten under the agreement with a shareholder, a director of the Company and the chairman of the Board of Directors of DekelOil CI SA. See also (1) above.
5. On 14 February 2008 a subsidiary of the Company signed an agreement with Starten Technologies CI SA ("Starten CI"), a related company. According to the agreement, the engagement with a local cell-phone service provider will be via Starten CI and the subsidiary will reimburse Starten CI based on the actual invoices from the cell-phone service provider.
6. On 30 December 2011 a shareholder of the Company, a director of the Company and the chairman of the Board of Directors of DekelOil CI SA entered into a conditional investment agreement with Laloyale, an insurance company in Côte d'Ivoire, that provides credit insurance to the Company subsidiary. Under this agreement, the shareholder may purchase 12.5 per cent. of this Insurance company. See also note 12b "Long term loans".

NOTE 21: FINANCIAL INSTRUMENTS

a. Classification of financial liabilities:

The financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IAS 39:

	<i>31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>Euros in thousands</i>		
Financial liabilities:			
Financial liabilities measured at amortized cost	6,886	5,522	2,620
	<u>6,886</u>	<u>5,522</u>	<u>2,620</u>

b. Financial risks factors:

The Group's activities expose it to market risk (foreign exchange risk). The Group's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance. As the Group's long-term obligations bear fixed rates of interest, the Group is not exposed to cash flow risks due to changes in market rates of interest.

Foreign exchange risk:

The Company operates in a number of countries and is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly the FCFA, US dollars and NIS. Since the FCFA is fixed to the Euro, as of 31 December 2011, balances in foreign currency are immaterial.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

Liquidity risk:

31 December 2009:

	<i>Less than one year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>> 5 years</i>	<i>Total</i>
<i>Euros in thousands</i>							
Short-term credit	17	–	–	–	–	–	17
Short-term loan	328	–	–	–	–	–	328
Trade payables and other accounts payable	408	–	–	–	–	–	408
Long-term capital lease	5	5	5	5	5	12	37
Capital note	–	–	–	–	–	3,470	3,470
	<u>758</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3,482</u>	<u>4,260</u>

31 December 2010:

	<i>Less than one year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>> 5 years</i>	<i>Total</i>
<i>Euros in thousands</i>							
Trade payables and other accounts payable	527	–	–	–	–	–	527
Long-term capital lease	10	10	10	10	10	23	73
Capital note	–	–	–	–	–	9,900	9,900
	<u>537</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9,923</u>	<u>10,500</u>

31 December 2011:

	<i>Less than one year</i>	<i>1 to 2 years</i>	<i>2 to 3 years</i>	<i>3 to 4 years</i>	<i>4 to 5 years</i>	<i>> 5 years</i>	<i>Total</i>
<i>Euros in thousands</i>							
Short-term loan	57	–	–	–	–	–	57
Long-term loan	–	8	175	167	167	167	684
Trade payables and other accounts payable	378	–	–	–	–	–	378
Long-term capital lease	10	10	10	10	10	16	66
Capital note	–	–	–	–	–	10,067	10,067
	445	18	185	177	177	10,250	11,252
	445	18	185	177	177	10,250	11,252

NOTE 22: SUBSEQUENT EVENT

- a. On 11 June 2012, DekelOil CI SA signed an agreement with a construction company in CI for the foundation, concrete works and other works for the Mill and Mill infrastructure at a total amount of approximately €1,713 thousand. The contract was approved by the EBID and will be financed by it (see also Note 12).
- b. In August 2012, the CEO of the Company's subsidiary terminated his position, but he continues to act as a consultant to the Company's subsidiary. For his services he is entitled to receive via a company owned by him, Agro Technologies, a monthly fee of €4,500.
- c. On 29 October 2012, the Company signed an engagement letter with Optiva Securities and a MOU with Boletus Resources Ltd ("Boletus") According to which the Company plans to admit its shares on the London AIM Market. On (and subject to) admission, the Company shall acquire 100 per cent. of Boletus an unquoted investment company and its cash in the amount of £580 thousand, before admission expenses, shall be available to the Company. Boletus will finance the costs of the admission process and will be valued at £1 million. As consideration for the acquisition, the Company will issue shares to Boletus based on a Company pre-money valuation of £10.2 million.
- d. In October 2012 the Company's subsidiary, DekelOil CI SA completed a tax assessment audit by the Côte d'Ivoire tax authorities and received a final tax assessment through 2011, according to which, DekelOil SI SA should pay approximately €45 thousand.
- e. On 5 November 2012, the Company granted for no consideration 20,887 options to purchase Ordinary shares at an exercise price of par value to employees of the Company's subsidiaries. The options for 1,000 shares vested immediately and were exercised. The balance of the options vest over a period of 2.5 years.
- f. On 28 November 2012, DekelOil CI SA issued a letter of credit ("LC") to Boilermech, the boiler provider for the Mill, at a total amount of \$ 808,000. the LC was issued by the EBID and is financed by it (see also Note 12, "long term loans").
- g. In November 2012, the subsidiary of the Company issued an LC to Modipalm Engineering SDN, the Mill contractor, at a total amount of €7,508 thousand. The LC was issued by the EBID and is financed by the EBID and BOAD (see also Note 12, "long term loans").
- h. In November 2012 a subsidiary of the Company entered into an agreement with a related party of a shareholder who is also a director of the Company and the chairman of the Board of Directors of the Company's subsidiary to be the subsidiary's supervisor over the foundation and concrete works of the Mill construction.

For these services the related party is entitled to receive FCFA 2,000,000 (approximately €3,000) per month.

- i. On 5 December 2012, the authorized share capital limit of the Company was increased to €25,630 divided into 2,563,000 shares of €0.01 each.
- j. On 5 December 2012, the Company issued and allotted a further 2,275,508 Ordinary Shares pursuant to private subscription agreements at a price of €0.01 per Ordinary Share raising a total of €22,755.
- k. On 9 January 2013, the Company was re-registered in Cyprus as a public limited company. Following the re-registration the Company changed its name from DekelOil Limited to DekelOil Public Limited (its current name), and new Memorandum of Association and Articles of Association were adopted by the Company and registered in Cyprus.
- l. On 3 February 2013, the Company issued and allotted to certain existing shareholders 165,000 Ordinary Shares of €0.01 each consideration for the cancellation of indebtedness owed by the Company at a total amount of €225,000.
- m. On 3 February 2013, the authorized share capital limit of the Company was increased to €70,000 divided into 7,000,000 shares of €0.01 each, following which the par value of each Ordinary Share was sub-divided from €0.01 each to €0.00003367 each and a further 807,488,000 shares were issued to the existing shareholders pro-rata to their shareholding in the Company.
- n. On 20 February 2013, the Company constituted a warrant instrument and granted warrants over 33,317,674 Ordinary Shares in consideration for the cancellation of capital notes at a total amount of €353,329.
- o. On 20 February 2013, the Company issued and allotted 42,642,947 Ordinary Shares and granted warrants over 24,700,457 Ordinary Shares to certain existing shareholders in consideration for the cancellation of capital notes at a total amount of €1,012,785.
- p. On 20 February 2013 the Company issued and allotted 162,855,338 Ordinary Shares pursuant to a private subscription at a price of €0.00003367 raising a total of €5,483.
- q. On 4 March 2013, the Company and Boletus entered into the Boletus Loan Agreement under the terms of which Boletus agreed to grant an unsecured short term loan of £300,000 to the Company. It was agreed under the agreement that the Boletus Loan would be repaid by 15 April 2013.

PART IV
FINANCIAL INFORMATION

PART C

BOLETUS RESOURCES ACCOUNTS TO 31 DECEMBER 2012

12 March 2013

The Directors
DekelOil Public Limited
38 Agias Fylaxeos
Nicolas Court
First Floor, Office 101
P.C. 3025
Limassol, Cyprus

Dear Sirs,

We report on the financial information of Boletus Resources Limited ("Boletus") for the period ended 31 December 2012 ("the Financial Information") set out in Part IV of the AIM Admission Document dated 12 March 2013 prepared by DekelOil Public Limited ("the Admission Document"). The Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 2. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of DekelOil Public Limited are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Boletus as at the date stated and of its loss, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies

Yours faithfully,

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENT OF FINANCIAL POSITION

In Pound Sterling

	<i>Note</i>	<i>31 December 2012 In Pound Sterling</i>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		450,424
Other debtors	8	<u>119,581</u>
Total current assets		<u>570,005</u>
Total assets		<u><u>570,005</u></u>
 LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Other payables	9	64,161
Total current liabilities		64,161
Share capital	3	–
Share premium		553,376
Retained earnings		<u>(47,532)</u>
Total equity		<u>505,844</u>
Total equity and liabilities		<u><u>570,005</u></u>

The accompanying notes are an integral part of the financial information.

STATEMENT OF COMPREHENSIVE INCOME

In Pound Sterling

		<i>Period ended 31 December 2012 In Pound Sterling</i>
Administrative expenses		<u>47,532</u>
Operating Loss	5	<u>47,532</u>
Loss before taxation		47,532
Taxation	7	<u>—</u>
Total Comprehensive loss for the Period		<u><u>47,532</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The accompanying notes are an integral part of the financial information.

STATEMENTS OF CHANGES IN EQUITY

	<i>Premium on shares</i>	<i>Shares to be issued In Pound Sterling</i>	<i>Retained earnings</i>	<i>Total</i>
Balance at 14 March 2012	–	–	–	–
Issue of shares	582,501	–	–	582,501
Share issue costs	(29,125)	–	–	(29,125)
Loss for the Period	–	–	(47,532)	(47,532)
Balance at 31 December 2012	<u>553,376</u>	<u>–</u>	<u>(47,532)</u>	<u>505,844</u>

The accompanying notes are an integral part of the financial information.

STATEMENT OF CASH FLOWS

		<i>Period ended 31 December 2012 In Pound Sterling</i>
Cash flows from operating activities:		
Net loss		(47,532)
Increase in other debtors and prepayments	8	(119,581)
Increase in trade and other payables	9	64,161
Net cash flows used in operating activities		<u>(102,952)</u>
Cash flows from financing activities:		
Issuance of shares of no par value		582,501
Costs from issuance of shares of no par value		<u>(29,125)</u>
Net cash flows provided by financing activities		<u>553,376</u>
Increase in cash and cash equivalents		450,424
Cash and cash equivalents at the beginning of the period		<u>—</u>
Cash and cash equivalents at the end of the period		<u><u>450,424</u></u>

The accompanying notes are an integral part of the financial information.

NOTES TO FINANCIAL INFORMATION

NOTE 1 GENERAL

- a. The Company was incorporated in the British Virgin Islands on 14 March 2012 as a private limited company with the name Boletus Resources Limited.
- b. The Company is domiciled in the British Virgin Islands.

The Company – Boletus Resources Limited

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial information are as follows:

- a. Basis of preparation and accounting policies:
The financial information is presented in Sterling (£).

The financial information has been prepared in accordance with IFRS and the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The financial information has also been prepared under the historical cost convention. A summary of the material accounting policies, which have been applied consistently, are set out below.

The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving judgements or where estimates and assumptions are significant are disclosed in Note 2.C.

- b. Functional currency and translation:

Functional and presentation currency

Items included in the financial information are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Sterling (£), which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

- c. Critical Accounting Estimates and Judgements

Use of Estimates and Judgements

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

- d. Cash equivalents:

Cash and cash equivalents include cash at bank.

f. Financial Assets and Liabilities

Financial assets and liabilities comprise of cash at banks and trade payables arising in the normal course of business.

The fair value of financial assets and liabilities are not considered to be materially different to the book value and they are all held at amortised cost.

Financial assets and liabilities are accounted for as follows:

Financial assets and liabilities are initially recognised on the date at which the Company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

g. Equity

Equity comprises the following:

1. "Share premium" represents the Premium paid on Shares issued of no par value; and
2. "Retained earnings" represents retained profits or losses.

h. Related Parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

i. Operating Segments

Due to the current nature of the Company's operations, all costs are incurred within one segment.

j. Risk Management

The Directors consider the key risk for the Company at the year end to be the maintenance of its cash reserves. With this in mind the Company has treasury controls in place which ensure that the Company's liquid reserves are kept as cash only and are only deposited at institutions with at least an A credit rating.

NOTE 3: SHARE CAPITAL

	<i>31 December</i> <i>2012</i>
Premium on 100,000,000 shares of no par value	582,501
	<u>582,501</u>

On incorporation 100 ordinary shares were issued and which were sub-divided into 25,000,000 shares of no par value. The company subsequently issued a further 75,000,000 shares of no par value.

NOTE 4: DIVIDENDS

No dividend has been declared or paid by the Company during the period ended 31 December 2012.

NOTE 5: OPERATING LOSS

The operating loss is stated after charging/(crediting)

	<i>31 December</i> <i>2012</i>
Auditors' remuneration	7,500
	<u>7,500</u>

NOTE 6: FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board.

(a) Market Risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The exposure to this risk is not considered material to the Company and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

(b) Credit Risk

Credit risk arises from cash and cash equivalents.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

(c) Liquidity Risk

Management of liquidity risk is achieved by monitoring budgets and forecasts against actual cash flows.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

The Company monitors capital on the basis of the equity held by the Company, which at 31 December 2012 was £505,844.

NOTE 7: TAXATION

As the Company is BVI incorporated, no tax is payable on profits. As such, no tax losses have arisen in the period on the loss.

NOTE 8: OTHER DEBTORS

31 December
2012

Prepayments	119,581
	<u>119,581</u>

NOTE 9: OTHER PAYABLES

31 December
2012

Trade creditors	4,935
Accruals	59,226
	<u>64,161</u>

NOTE 10: CAPITAL AND FINANCIAL COMMITMENTS

There were no capital commitments authorised by the Directors or contracted for as at 31 December 2012.

Further costs have been incurred and paid in connection with a proposed transaction by the company subsequent to the balance sheet date. Amounts paid but not reflected to date total £34,832.

NOTE 11: RELATED PARTY TRANSACTIONS

During the period the company was charged fees of £29,125 by Optiva Securities Limited, of which the C G St J Dennis and J E S King are also Directors and shareholders. C G St J Dennis also owns 5.32% equity in the company. At the balance sheet date a balance of £Nil was outstanding as payable to Optiva Securities Limited.

NOTE 12: ULTIMATE CONTROLLING PARTY

The directors believe there to be no ultimate controlling party.

NOTE 13: POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date the company agreed to loan DekelOil Public Limited, a company registered in Cyprus, £300,000 for its funding requirements.

PART IV
FINANCIAL INFORMATION

PART D

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following unaudited pro forma consolidated statement of financial position of the Group has been prepared to show the effect on the net assets of the Group as of 30 June 2012 of the following transactions: (1) conversion of shareholder subordinated loans to equity; (2) the acquisition of Boletus Resources Ltd; and (3) the Placing, as if they had occurred at 30 June 2012.

The unaudited pro forma consolidated statement of financial position has been prepared on a basis consistent with the Group's accounting policies and reflects the adjustments described below. This information is prepared for an illustrative purpose only, and because of its nature, addresses a hypothetical situation and it does not represent the Group's actual financial position.

	<i>As at 30 June 2012 (Note 1)</i>	<i>Conversion of DekelOil shareholders' subordinated loans to equity (Note 2)</i>	<i>Acquisition of Boletus (Note 3)</i>	<i>Net placing proceeds (Note 4)</i>	<i>Pro forma statement of financial position</i>
	<i>Euros in thousands</i>				
ASSETS					
Cash and cash equivalents	1,340		518	1,545	3,403
Government authorities and accounts receivable	33		138	(138)	33
Total current assets	<u>1,373</u>		<u>656</u>	<u>1,461</u>	<u>3,436</u>
NON-CURRENT ASSETS:					
Biological assets	4,635				4,635
Property and equipment, net	3,681				3,681
Long-term deposits	20				20
Total non-current assets	<u>8,336</u>				<u>8,336</u>
Total assets	<u><u>9,709</u></u>				<u><u>11,772</u></u>

	<i>As at 30 June 2012 (Note 1)</i>	<i>Conversion of DekelOil shareholders' subordinated loans to equity (Note 2)</i>	<i>Acquisition of Boletus (Note 3)</i>	<i>Net placing proceeds (Note 4)</i>	<i>Pro forma statement of financial position</i>
	<i>Euros in thousands</i>				
EQUITY AND LIABILITIES					
CURRENT LIABILITIES:					
Short-term credit	17				17
Trade payables	117				117
Other accounts payable and accrued expenses	203		74	(74)	203
Total current liabilities	<u>337</u>				<u>337</u>
NON-CURRENT LIABILITIES:					
Long-term capital lease	64				64
Accrued severance pay, net	26				26
Long-term loan	2,098				2,098
Capital notes	5,864	(928)			4,936
Related parties	128				128
Employee benefit liabilities	38				38
Total non-current liabilities	<u>8,218</u>	<u>(928)</u>	<u>–</u>	<u>–</u>	<u>7,290</u>
Total liabilities	<u>8,555</u>	<u>(928)</u>	<u>74</u>	<u>(74)</u>	<u>7,627</u>
Total equity	<u>1,154</u>	<u>928</u>	<u>582</u>	<u>1,481</u>	<u>4,145</u>
Total liabilities and equity	<u><u>9,709</u></u>				<u><u>11,772</u></u>

Notes:

- (1) The unadjusted financial information in respect of the Company is extracted without material adjustment from the financial information included in Part A of Part IV of this Document.
- (2) Adjustment to reflect the conversion to equity of subordinated loans with a face amount of €1,591,000 and a carrying amount of € 928,000 at 30 June 2012 (further details of which are set out at paragraph 3.14 of Part VI of this Admission Document).
- (3) Adjustment to reflect the acquisition of Boletus Resources in consideration for the issuance of 100,000,000 Ordinary shares by the Company (further details of which are set out at paragraph 16 of Part V of this Document). The assets of Boletus Resources are presented based on the financial information as at 31 December 2012 in Part C of Part IV of this Document at an exchange rate of £1:€1.15. These assets include €138,000 of prepaid expenses, for which €74,000 are included in accrued expenses, relating to the costs of admission recorded by Boletus Resources on behalf of the Company which are to be charged against the equity of the Company – see Note 4.
- (4) Adjustment to reflect: (1) gross funds raised of £1.7 million (equal to €1,955,000 at an exchange rate of £1:€1.15) under the Placing net of fund raising commission of €105,000; (2) payment of additional admission costs of €305,000 (including €74,000 of accrued expenses already recorded by Boletus Resources – see Note 3).

PART V
MATERIAL CONTRACT SUMMARIES

DEKELOIL PUBLIC LIMITED

1. Subordinated Loan Notes 2008 issued by the Company

The Company issued a series of unsecured junior subordinated Capital Notes dated 31 December 2008 (the "Subordinated Loan Notes 2008"). Under the terms of the Subordinated Loan Notes 2008, the Company has agreed to repay them by the earlier of: (a) prior to first dividend distribution by the Company to its shareholders or (b) 31 January 2017, provided the Company has profits available for distribution.

The Subordinated Loan Notes 2008 are of like date and tenor numbered consecutively, issued by the Company as fully registered notes, without coupon. In aggregate the principal sum is not to exceed €3,500,000. The details of the existing Subordinated Loan Notes 2008 holders are set out below:

<i>Name of Registered Holder</i>	<i>Sum of the Note</i>
Oren Goldstein	€120,000
Yehuda Mizrahi	€150,000
Nitzan Shamir	€150,000
Elad Zohar	€150,000
Yossi Inbar	€1,000,000
Erez Tirosh	€1,000,000
Total	<u>€2,570,000</u>

The Subordinated Loan Notes 2008 may be redeemed prior to maturity at the discretion of the Company, upon prior written notice to the registered holder.

The Subordinated Loan Notes 2008 are non-transferable.

2. Investment Agreement between CS DekelOil Siva Ltd, the Company and Biopalm Energy

The Company entered into an investment agreement with CSDS and Biopalm Energy on 22 June 2010 under the terms of which Biopalm Energy applied for and was allotted 980 ordinary shares in CSDS (comprising 49 per cent. of the issued share capital of CSDS) at a total price of €5,000,000 (the "Subscribed Shares"). It was further agreed that Biopalm Energy would grant a subordinated loan of €3,300,000 by way of a capital note to CSDS (the "Capital Note") which loan would be convertible into a premium for the Subscribed Shares. Under the terms of the agreement, Biopalm Energy is entitled to nominate two directors to the board of directors of CSDS as long as it holds 35 per cent. or more shares in CSDS and one director as long as it holds a minimum of 20 per cent. of the issued share of CSDS. The Company is entitled to nominate three directors to the board of directors of CSDS as long as it holds 36 per cent. or more shares in CSDS and two directors as long as it hold 20 per cent. or more of the issued shares in CSDS. The parties further agreed that all monies received from Biopalm Energy as consideration for the Subscribed Shares and under the Capital Note shall be used to repay CSDS' and its group companies' loans and in the furtherance of CSDS' business involving integrated palm oil in Côte d'Ivoire and supporting agricultural activities as set out in its business strategy and budget from time to time. In the event that any of Biopalm Energy or the Company becomes aware of business opportunities that compete with or are similar to CSDS' business then the concerned party is obligated to offer such opportunity to CSDS in the first instance. The investment agreement also contains standard drag and tag along provisions and warranties relating to the business of CSDS and its group. The investment agreement sets out a list of reserved matters which can be undertaken by CSDS only with the approval of at least one Biopalm nominated director and one Company nominated director. The reserved matters are as follows:

- Any alteration to the constitutional documents of CSDS or any of its subsidiaries;
- Any alteration to the authorised share capital of CSDS or any of its subsidiaries;

- The allotment or issue of any shares in CSDS or any of its subsidiaries or of any securities or investments convertible into shares in CSDS or any of its subsidiaries, other than any issues of shares in accordance with an approved employee share option plan;
- The establishment of an employee share option plan and any subsequent amendments thereto;
- For a period of three years from the date hereof, any distributions by CSDS or any of its subsidiaries exceeding the group's policy of distribution of 50 per cent. of the net profit (including the recommendation, declaration or payment of any dividend or other distribution of profits, assets or reserves), are subject to the relevant CSDS or any of its subsidiary's needs and/or annual budget;
- Any action which results in a winding up, liquidation (voluntary or otherwise), receivership, administration, amalgamation, demerger, merger, corporate reconstruction or any similar event;
- Any CAPEX or OPEX or expenditure decision under which CSDS may incur a liability and/or costs of more than €250,000 (or currency equivalent) in any period of 12 months or any proposal to do so other than in the ordinary course of business;
- Any action which results in a material change in the business of CSDS;
- The appointment and removal of the statutory auditors of CSDS or any of its subsidiaries;
- The alteration of accounting policies and practices of CSDS or any of its subsidiaries;
- Entry into any agreements between CSDS or any of its subsidiaries and a connected person, or any proposal to do so;
- The initiation, withdrawal or settlement of any legal proceedings, or any offer of settlement of legal proceedings in relation to a total claim value in excess of €500,000;
- Approval of the annual operation plan which shall contain the key performance factors, the targeted bottom- line of the budget and the overall required funding (from internal and external resources); for the avoidance of doubt, the detailed budget shall require the approval of the CSDS board by a simple majority;
- Any material alteration or deviation resulting in more than 10 per cent. alteration or deviation on total expenditure mentioned in the annual budget of CSDS, for each financial year;
- Any borrowing or lending in excess of €500,000 of the amounts stipulated in the total annual budgets of CSDS or any of its subsidiaries; but, the borrowing of a loan of approximately €19,000,000 from BOAD, BIDC and ECO Bank, and the replacement or refinancing thereof, shall not be regarded as a matter requiring consent under the agreement;
- Any grant of any mortgage, pledge or lien or other security against any asset of CSDS or any of its subsidiaries not in the ordinary course of business; but, the creation of a security interest in connection with a stipulated loan of approximately €19,000,000 from BOAD, BIDC and ECO Bank, and the replacement or refinancing thereof, shall not be regarded as a matter requiring consent under the agreement;
- The entry into or termination of an employment or engagement contract, or modification of the terms of any existing employment or engagement contract, with any connected person of a director or shareholder of CSDS or any of its subsidiaries;
- The grant, cancellation or guarantee by CSDS or any of its subsidiaries of debt owed by or to any director or shareholder of CSDS or any of its subsidiaries; and
- The approval and adoption of the annual financial statement of each of CSDS or any of its subsidiaries.

3. Facility Agreement between the Company, CS DekelOil Siva Ltd and Biopalm Energy Limited

On 22 February 2012, the Company entered into an agreement with CSDS and Biopalm Energy (the "Siva Facility") under the terms of which Biopalm Energy agreed to make available to CSDS a line of credit of up to €2 million. It was agreed that any amounts drawn down under the Siva Facility will be used by CSDS for meeting the development of the oil palm plantation of 2,000 hectares of land currently being developed by DekelOil Côte d'Ivoire.

It was agreed that CSDS will use at least 75 per cent. of the net revenues attributable to the plantations (after deduction of expenses) for the repayment of the Siva Facility. CSDS is not obliged to pay more than 50 per cent. of the net revenues attributable to the plantations (after deduction of expenses) towards the repayment of the facility save that the entire outstanding Siva Facility and the interest thereon will have to be repaid by CSDS at the end of the seventh anniversary of the first disbursement under the Siva Facility. The Company has not drawdown the first disbursement under the Siva Facility. The Siva Facility incurs interest at 10 per cent. per annum. It was agreed that the Siva Facility will be secured by a charge on the moveable and immovable assets, present and future, of CSDS and DekelOil Côte d'Ivoire by way of a lien over 30 per cent. of the Company's shares. No money has been drawn down under this facility and no lien in the said shares has been created. In addition to standard events of default, it was agreed that the Siva Facility will terminate and all amounts withdrawn thereunder will become due immediately in the event of a change of ownership of CSDS or in the event that the Siva Investment Agreement is terminated. Under the Siva Facility Amendment, the parties agreed that the Siva Facility shall stand terminated if all amounts owed thereunder were repaid by CSDS or if all outstanding amounts were converted into ordinary shares issued to Biopalm Energy in CSDS, provided that the Company invest such amounts and subscribe for such number of shares in CSDS so as to procure that it is not diluted and continues to maintain its 51 per cent. shareholding in CSDS.

4. Letter of Undertaking dated 17 February 2013 entered into between CSDS, the Company and Biopalm

On 17 February 2013, the Company, CSDS and Biopalm Energy entered into a binding letter of undertaking under the terms of which the parties confirmed the Company's intention to subscribe for ordinary shares in CSDS no later than by 30 April 2013 up to an aggregate amount of €3,000,000. Biopalm Energy has, under the terms of the letter, issued an irrevocable undertaking that pursuant to the Company's investment (up to a maximum of €3,000,000), it shall subscribe for such number of shares in CSDS as is required to maintain its 49 per cent. shareholding.

5. Consulting Services Agreement between the Company and Moshe Yetiv

The Company and Moshe Yetiv ("Moshe") entered into a consulting services agreement on 1 January 2008 pursuant to which Moshe would, as an independent contractor, provide consulting services to the Agricultural Division of the Company's subsidiary in the Côte d'Ivoire. The agreement commenced on 15 February 2008 and would continue for 12 months unless extended by the Company. Moshe would receive €3,400 per month for the first year and €4,080 per month for the second year.

The Company, CSDS and Moshe entered into a novation agreement on 1 July 2010 under the terms of which the parties agreed to novate the consulting services agreement dated 1 January 2008 entered into between Moshe and the Company. Under the terms of the novation agreement, the parties agreed that the Company will be released and shall stand substituted by CSDS in the said agreement and that all rights, liabilities and obligations of the Company under that agreement shall from 15 February 2008 stand transferred/assigned to CSDS. It was agreed that the consulting services agreement be renewed for a further 12 months from 1 July 2010, but this agreement continues on the same terms by mutual agreement.

6. Public Relations Consultancy Agreement between St Brides Media and the Company

The Company and St Brides Media entered into a consultancy agreement on 20 November 2012 pursuant to which St Brides Media agreed to provide public relations consultancy advice and expertise to the Company. Under the terms of the agreement, St Brides Media is entitled to the following fee:

- (a) an initial float fee of £7,500 payable in the form of Ordinary Shares in the Company (at the Placing Price);
- (b) an ongoing monthly consultancy fee of £2,000 plus VAT (which will be reviewed after a 12 month period);
- (c) any additional project fees agreed in writing between the parties;
- (d) other costs and disbursements (including press cuttings).

The agreement can be terminated by the Company after the lapse of 6 months from its execution by way of three months' notice in writing.

The agreement is governed by English law.

7. Loan Agreement between DekelOil Public Limited and Boletus Resources Limited

On 4 March 2013, the Company and Boletus entered into the Boletus Loan Agreement under the terms of which Boletus agreed to grant an unsecured short term loan of £300,000 to the Company. It was agreed that the Boletus Loan would be repaid by 15 April 2013. It was further agreed that in the event that Admission did not occur by 31 March 2013, the Boletus Loan will incur interest at a rate of 10 per cent. per annum for the period (after 31 March 2013) the Loan remain unpaid. Under the terms of the agreement, the Company will use the Boletus Loan for the purpose of its oil palm project in Côte d'Ivoire.

8. Broker Agreement with Optiva Securities Limited

On 12 March 2013, the Company entered into a Broker Agreement with Optiva whereby Optiva agreed to act as broker to the Company from Admission for the purposes of the AIM Rules for Companies for a minimum period of 12 months following Admission and continue subsequently unless terminated on three months' written notice. Under the broker agreement, the Company has agreed to pay Optiva Securities a retainer of £25,000 per annum.

9. Nominated Adviser Agreement

A Nominated Adviser Agreement dated 12 March 2013 was entered into between the Company, the Directors and Beaumont Cornish Limited to appoint Beaumont Cornish as the Company's Nominated Adviser for the purposes of the AIM Rules for an initial period of one year commencing on the date of the agreement and continuing subsequently until terminated by either party by giving ninety (90) days written notice.

For acting as Nominated Adviser to the Company, Beaumont Cornish will receive an annual retainer fee of £40,000 (plus VAT, if applicable) payable quarterly in advance, as well as reimbursement of any out-of-pocket expenses.

10. Placing Agreement

A Placing Agreement dated 12 March 2013 was entered into by the Company, the Directors of the Company and Optiva under which Optiva agreed, subject to certain conditions, as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Under the Placing Agreement, the Company has agreed to:

- (i) pay to Optiva the fees payable under the Optiva Letter of Engagement referred to in paragraph 13 below and;
- (ii) grant to Optiva warrants to subscribe for 10,700,000 new Ordinary Shares in the Company at the Placing Price during an exercise period of 3 years following Admission.

The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to the Placing and Admission including all accountancy, legal and other professional fees and expenses.

The Placing Agreement contains warranties given to Optiva by the Company and the Directors with the liability of the Directors in respect of the warranties being subject to individual limits and an indemnity given to Optiva by the Company. Optiva is entitled to terminate its obligations under the Placing Agreement in certain specified circumstances prior to Admission principally in relation in the event of a material breach of the Placing Agreement, a material breach of the Warranties contained in the Placing Agreement, the occurrence of a material adverse change in the financial position or prospects of the Group or the occurrence of other circumstances materially prejudicial to the successful outcome of the Placing.

11. Introduction Agreement

An introduction agreement dated 12 March 2013 between the Company, the Directors, Optiva and Beaumont Cornish which provides for the responsibilities of the parties in achieving Admission. The Company has agreed in respect of services to be provided in connection with the Admission to pay Beaumont Cornish a fee of £95,000 (plus VAT and disbursements). £40,000 of this fee has already been paid. In addition, the Company is required to pay all costs, charges and expenses agreed in advance by the Company and properly and reasonably incurred and arising out of Admission including fees and expenses of Beaumont Cornish's legal advisors (up to a maximum of £20,000). The agreement sets out warranties the Company, the Directors, and Optiva have given and will continue to give (until the time of Admission and with effect thereafter) to Beaumont Cornish. Claims for breach of warranties against the Directors, (but not the Company) are limited to individual amounts set out in the agreement, and no claim may be brought against the Directors (save in the event of fraud or wilful non-disclosure) after a date being ninety days after publication of the Company's interim statement for the six months ending 30 June 2014. In addition the Company is bound by normal indemnities in favour of Beaumont Cornish.

12. Lock-in and Orderly Market Arrangement

The Lock-in and Orderly Market Agreement was entered into between the Company, Beaumont Cornish, Optiva, the Directors (the "Locked-In Directors") and certain other shareholders of the Company (the "Locked-In Shareholders"), pursuant to which the Locked-In Directors and the Locked-In Shareholders have undertaken to the Company, Beaumont Cornish and Optiva Securities Limited that they (and their associates) will not sell or dispose of, except in certain circumstances set out in the AIM Rules, any of their respective interests in Shares at any time for a period of twelve (12) months following Admission. The Locked-In Directors and Locked-In Shareholders have further undertaken that they (and their associates) will be subject to orderly market arrangement during the twelve (12) and six (6) month period, respectively, following initial lock-in period.

13. Letter of Engagement with Optiva Securities Limited

An engagement letter dated 29 October 2012 was entered into between the Company and Optiva under which Optiva agreed to act as the Company's broker in relation to Admission and the Placing. In consideration for providing the services specified in the engagement letter, the Company agreed to pay Optiva the following fees:

- (i) a commission of 5 per cent. of the funds raised and/or introduced by Optiva in the Placing;
- (ii) an additional commission fee of 3 per cent. on an amount of £900,000 to be subscribed by Optiva Securities Limited and/or its clients; and
- (iii) warrants equal to the value of Optiva Securities Limited's commission fee (as above) and exercisable at the Placing Price for a period of 3 years from the date of issue.

It was further agreed that if the funds raised under the Placing exceed £1.7 million then such subscriptions up to a maximum of £400,000 shall be accepted and applied in reducing the amount to be subscribed under (ii) above unless such subscription or part subscription is from Optiva in which case the amount to be subscribed by Optiva shall be £0.9 million or less, but always greater than £0.5 million, as the case may be, and the total amount subscribed £1.7 million and any excess above £0.4 million shall be available for acceptance by the Company.

In addition Optiva is entitled to a commission (as handling fee) of 1 per cent. on subscriptions introduced by the Directors of the Company.

The above terms were further agreed in the Placing Agreement (as set out above).

14. Letter of Engagement with Beaumont Cornish

An engagement letter dated 24 October 2012 was entered into by the Company and Beaumont Cornish under which Beaumont Cornish agreed to act as nominated adviser to the Company. In consideration for the provision of the services specified in the engagement letter, the Company agreed to pay Beaumont Cornish the following fees (plus any applicable VAT and disbursements):

- (i) an initial transaction fee of £10,000;
- (ii) a monthly work fee of £10,000, such fees to commence on 30 November 2012 and to be for a maximum of 3 months; and
- (iii) a cash completion fee of £95,000 less any amounts already paid under paragraphs(i) and (ii) above.

15. Broker Warrant Agreement

A warrant agreement dated 12 March 2013 between the Company and Optiva Securities Limited whereby the Company granted Optiva warrants to subscribe for 10,700,000 new Shares exercisable at the Placing Price at any time from the date of Admission for three years.

16. Acquisition Agreement entered into between the Company, Boletus and Optiva

The Company, Boletus and Optiva entered into a share exchange agreement dated 12 March 2013. The agreement is governed by English law.

Pursuant to the agreement, Optiva (as custodian for the Vendors' shares in Boletus) agreed to procure that the Vendors (being Jarvis Investment Management Limited and WB Nominees Limited) will transfer their respective holdings in the issued share capital of Boletus (being a 100 per cent. of the issued shares of Boletus) (the "Transfer Shares"), with full title guarantee and free of all charges, liens, encumbrances or rights of pre-emption, in consideration for issue by the Company of 100,000,000 new ordinary shares, credited as full paid (the "Consideration Shares").

Optiva warranted to the Company the good title of the Vendors to the Transfer Shares and its authority and capacity to complete the agreement. Optiva further warranted, *inter alia*, that Boletus holds not less than £38,000 in cash, has no undisclosed liabilities or debts, has not traded, is not the subject of any litigation or disputes, no litigation or disputes are pending or threatened, is not a party to any undisclosed material contracts, and that to their knowledge the legal opinion from Ogier LLP (Boletus' British Virgin Island lawyers) addressed to the Company, Optiva and Boletus is accurate, not misleading and contains no material omissions.

The Company warranted to Optiva that it is legally and beneficially interested in 51 per. cent of the oil palm project in the Ivory Coast. It further warranted, *inter alia*, that it has authority and capacity to complete the agreement, is not the subject of any litigation or disputes, no litigation or disputes are pending or threatened, that to its knowledge the CI Legal Opinion and the Cypriot Legal Opinion are accurate, not misleading and contain no material omissions, the Admission Document is true, complete and accurate in all material respects and is not misleading, the financial statements contained within the Admission Document give a true and fair view of the state of affairs of the Company, and save as disclosed in the Admission Document and to the knowledge of the Company (after having made due enquire), all licences permissions, authorisations and consents required for the carrying on of its business are in full force and effect and there are no circumstances which indicate otherwise.

Completion of the agreement is conditional on, *inter-alia*, Admission, Optiva confirming that Boletus has liabilities of no greater than £2,852 (approximately €3,279) and it holding not less than £38,000 in cash, and the execution of certain lock-in agreements as nominated by the Company's Nominated Adviser. Subject to these conditions, the Consideration Shares are allotted, and the Transfer Shares are transferred to the Company, with effect from the date of Admission.

CS DEKELOIL SIVA LIMITED

17. Capital Note Issued by CS DekeOil Siva Ltd. in favour of Biopalm Energy Limited

CSDS and Biopalm Energy entered into an unsecured subordinated Capital Note dated 22 June 2010 as required under the terms of the investment agreement executed between them also dated 22 June 2010. The Capital Note has the following terms:

- (a) Biopalm Energy agreed to make available an aggregate amount of €3,300,000 to CSDS during the period up to 30 June 2011. Any draw-down request during such period could not be less than €1,000,000 or, if less, the balance of the amounts outstanding;

- (b) Any amounts drawn down under the Capital Note shall attract interest at a rate of 10 per cent. per annum (calculated on a 360-day year for the actual number of days elapsed and compounded annually) and such interest will be payable in semi-annual instalments with the first instalment payable 18 months after the relevant amount has been drawn down subject to the Company having distributable cash available. As at the date of this Document no instalment of interest to Biopalm has been paid;
- (c) All repayments made under the Capital Note shall be solely made from amounts available for distribution to the shareholders of CSDS, prior to and in preference to any distribution of dividends (and, if there are insufficient amounts available for distribution, the interest shall continue to accrue until such time as CSDS shall have sufficient available amounts);
- (d) CSDS entitled to prepay any portion of the outstanding amount at any time without any penalty;
- (e) amounts drawn down by CSDS under the Capital Note would either be repaid or converted into share premium in CSDS. Assessment will be made after 3 years and after 7 years from the disbursement date (1 November 2010) as follows:
 - (i) if, on either of the above dates, the internal rate of return ("IRR") on the investment amount actually invested by CSDS is more than 40 per cent. for the relevant IRR period then all drawdown amounts not repaid prior to the end of such IRR period shall be converted to a premium for the subscribed shares of CSDS subscribed by Biopalm Energy pursuant to the 2010 investment agreement and shall not be convertible into shares or any other security of CSDS; or
 - (ii) if on or before 1 November 2017, the IRR on the investment amount actually invested by CSDS is less than 40 per cent. for the relevant IRR period then all drawdown amounts not repaid prior to the end of such IRR period shall be repaid immediately by CSDS to Biopalm Energy.

18. Support Services Agreement between CSDS and DekelOil Consulting Limited

CSDS and DekelOil Consulting entered in a support services agreement dated 1 January 2008 for the provision of services including, but not limited to cultivation of plants suitable for production of palm oil and biofuel and, construction and operation of vegetable oil extraction and/or biofuel facilities, marketing of and extraction of vegetable oil and biofuel products and other matters as agreed from time to time.

The fees payable for the services are equal to the allocable portion of approved projected service costs multiplied by a mark up equal to 2.5 per cent. If actual service costs differ from the actual costs incurred, a reconciliation shall take place and a credit to future fees or further payment (as the case may be) shall be made.

DEKELOIL CÔTE D'IVOIRE LIMITED

19. Agreement for the engineering, manufacturing, delivery and installation of the Mill between Modipalm Engineering SDN BHD and DekelOil Côte d'Ivoire

General

On 19 January 2011 DekelOil Côte d'Ivoire executed a contract with Modipalm Engineering SDN BHD ("**Modipalm**") for the engineering, manufacturing, delivery and installation of the Mill near the village of Ayanouan east of Abidjan, Côte d'Ivoire. This agreement was effective on the third business day following a receipt of an unconditional consent of the financing bank of DekelOil Côte d'Ivoire to provide the required financing (the "**Effective Date**"). Unconditional consent from the financing bank was received on 1 March 2011 and the Effective Date of the agreement is 4 March 2011.

Obligations of the parties

Modipalm agreed to plan, design, procure, construct, install, train and commission the Mill and implement all tests, acceptance procedures and remedying of defects necessary to deliver the Mill to DekelOil Côte d'Ivoire. Specific obligations on Modipalm include, *inter alia*:

- (a) the submission of designs and plans for DekelOil Côte d'Ivoire's approval;
- (b) attending, at DekelOil Côte d'Ivoire's request, all technical and other meetings;

- (c) executing works including planning, training, engineering, construction, transport, shipment, storage, delivery, installation, testing, maintenance;
- (d) providing all equipment, labour, superintendence and facilities;
- (e) making good defects;
- (f) maintaining the relevant insurance policies;
- (g) providing DekelOil Côte d'Ivoire with all information required;
- (h) taking responsibility for safe storage, transportation and shipment of all materials;
- (i) providing professional training on site to DekelOil Côte d'Ivoire's personnel; and
- (j) obtaining permits (at Modipalm's sole cost) required for the performance of the work and construction of the Mill.

Under the contract, DekelOil Côte d'Ivoire's obligations include:

- (a) granting access to the site to Modipalm;
- (b) performing infrastructure work (the building, structure and foundation and means of access for reception, movement, installation and maintenance of the works);
- (c) supplying a single point of electricity at the site and freshwater to the Mill;
- (d) obtaining all consents and approvals and local permits necessary for the establishment and operation of the Mill (Modipalm to assist); and
- (e) paying any import duties/taxes and costs relating to the Mill.

Contract Price

The fee payable to Modipalm was €9,596,000 inclusive of taxes, duties, etc. (the "Contract Price") which is payable in instalments. Letters of credit were to be issued by a reputable European Bank 30 days prior to shipment. The parties entered into an amendment agreement in May 2011, under the terms of which it was agreed that the Contract Price shall be payable by DekelOil Côte d'Ivoire through West African Development Bank.

Delivery

Under the terms of the agreement, Modipalm is responsible for the shipment of the equipment to the destination port, unloading and delivery to the site.

It was agreed that no later than 65 days following the Effective Date the parties will finalise a bill of lading which would specify all the equipment, tools and materials that will be delivered by Modipalm and/or loaded on the vessel at the port of departure. It was further agreed that the title of the equipment would pass from Modipalm (or its suppliers) to DekelOil Côte d'Ivoire upon submission of the bill of lading but that it would not impose any liability on DekelOil Côte d'Ivoire with respect to such equipment and Modipalm would remain solely responsible and liable for discharging and complying with all payment and other obligations to the suppliers of such equipment and for the successful delivery of the equipment to the site and for its proper installation (including for payment of any related insurance costs). Under the agreement, Modipalm is responsible for all insurance, export duties and other port authority duties in relation to the equipment.

Timescales

Modipalm is required to adhere to a timetable (as set out in the agreement) and the Mill must be completed by no later than seventeen months after receipt of the first instalment of the Contract Price at which time DekelOil Côte d'Ivoire's final acceptance must be achieved. The date of delivery of the completed and operational Mill has subsequently been agreed as the end of 2013 (the "Date of Completion"). The first instalment of the Contract Price was paid on 2 September 2011 and the last instalment is due 12 months after for acceptance of the Mill by DekelOil Côte d'Ivoire. DekelOil Côte d'Ivoire has a right to reject the deliverables in which case a mechanism (as set out in the agreement) must be followed. The following penalties are in place for failure to meet the Date of Completion:

- (a) 1 per cent. of the total Contract Price per week of delay up to an aggregated amount of 5 per cent.; and
- (b) if Modipalm fails to meet any milestone and such failure continues for 90 days, Modipalm shall be deemed to be in material breach of the agreement.

There is a detailed mechanism in place in the Mill construction contract relating to final acceptance of the Mill by DekelOil Côte d'Ivoire.

DekelOil Côte d'Ivoire has a right to suspend the work at any time (however, DekelOil Côte d'Ivoire will be liable for additional security costs during this period). If suspension has continued for more than 24 months, Modipalm is entitled to serve 28 days notice to proceed with the works. If that is refused, Modipalm can terminate the agreement or require DekelOil Côte d'Ivoire to take over the security for the site and the risk of loss shall pass to DekelOil Côte d'Ivoire.

Indemnities, Warranties and Guarantees

Under the agreement, Modipalm has warranted that (i) the work and the Mill shall be free from defects and from any lien and shall be in conformity with the provisions of the agreement, applicable laws, regulations, permits and the performance criteria in the agreement; and that (ii) it is appropriately qualified and experienced.

Modipalm has also provided indemnities:

- (a) for any costs and damages that may be incurred by DekelOil Côte d'Ivoire due to the performance of the work by personnel or sub-contractors of Modipalm;
- (b) against all losses, expenses and claims in respect of any loss or damage to physical property, death or personal injury (i) occurring before the date of final acceptance caused by Modipalm's risks; (ii) occurring during the warranty period (being the 12 month period following the final acceptance date of the Mill) to the extent caused by defective design, material or workmanship or negligence or breach of statutory duty;
- (c) losses and costs arising out of any lien or charge being placed on or over the work;
- (d) any monies owed to Modipalm subcontractors if DekelOil Côte d'Ivoire has been sued by such third party.

Modipalm has provided a 12 month warranty commencing on the final acceptance date that the Mill shall commercially operate properly and uninterrupted during which time Modipalm shall provide repair services for the Mill and its facilities. If there is a major failure during the warranty period that results in a cessation of the operation of the Mill then the warranty period shall be extended by a further 12 months from the date such defect is remedied and the cost of such defect shall be deducted from the final payment to Modipalm and shall be paid at the end of the warranty period. Material faults are to be remedied as soon as possible and within no more than 7 business days; all other faults shall be remedied within 30 business days.

Modipalm has also agreed to provide DekelOil Côte d'Ivoire with two unconditional, irrevocable and autonomous bank guarantees from either OCBC Bank or HSBC Bank for an amount equal to 30 per cent. (i.e. 10 per cent. and 20 per cent., respectively) of the Contract Price which shall be called upon by DekelOil Côte d'Ivoire in the event that Modipalm fails to comply with the agreement and fails to cure such breach (if capable of remedy) within 15 days. DekelOil Côte d'Ivoire shall return the 20 per cent. bank guarantee to Modipalm within 6 months of the bill of lading or completion of the erection of the building and unloading of all equipment at the site (whichever is later) and the 10 per cent. guarantee shall be returned after final acceptance.

On expiry of the warranty period and for a period of 7 years thereafter Modipalm shall provide maintenance and support services for the operation of the Plant and Modipalm undertakes that for a period of 20 years it shall hold and provide, upon DekelOil Côte d'Ivoire's request, all spare parts required for the Plant.

Risks

Modipalm is responsible for any damage to the site arising out of the performance by Modipalm of the works. For the duration of the agreement (including any warranty period thereunder) Modipalm is

responsible for holding, storing and providing all equipment and spare parts in order to ensure uninterrupted operation of the Mill.

With respect to risks, DekelOil Côte d'Ivoire is responsible for: (i) wars, invasion, acts of foreign enemies (except in connection with the political state in Côte d'Ivoire known at the time of execution of the agreement); (ii) rebellion, revolution, military or usurped power or civil war (except in connection with the political state in Côte d'Ivoire known at the time of execution of the agreement); (iii) ionizing, radiation, contamination, etc. (iv) riot, commotion, disorder (except in connection with the political state in Côte d'Ivoire known at the time of execution of the agreement) and unless solely restricted to the employees/subcontractors of Modipalm; (v) the occupation and use of the site after final acceptance. Modipalm is responsible for all other risks.

Modipalm is also responsible for the care of the works from the Effective Date until the date of final acceptance and for any outstanding work carried out by Modipalm during the applicable warranty period. The risk shall pass to DekelOil Côte d'Ivoire for the:

- (a) care of the works on final acceptance (subject to warranty discussed above); and
- (b) loss or damage of the work 15 days after final acceptance.

Ownership

Ownership of the Mill shall transfer to DekelOil Côte d'Ivoire on the earlier of the execution of the bill of lading, or payment for the work or respective part of the work.

Termination

DekelOil Côte d'Ivoire has various termination rights (including for breach by Modipalm and insolvency of Modipalm) under the agreement and, if exercised, DekelOil Côte d'Ivoire shall be entitled to call on the bank guarantee(s) and Modipalm shall indemnify DekelOil Côte d'Ivoire. Modipalm has no express contractual rights to terminate the agreement (save in the event of suspension (see above)). Modipalm is not entitled to terminate the contract for any other reason (unless a dissolution order is issued against DekelOil Côte d'Ivoire and not cancelled within 180 days).

In the event of termination DekelOil Côte d'Ivoire is entitled to complete the work.

Limitation of Liability

Nether Modipalm nor DekelOil Côte d'Ivoire is liable for indirect or consequential damages.

Force Majeure

If a *force majeure* event occurs then under the terms of the agreement the date of completion shall be extended by the period of delay and neither party shall be held responsible. If a force majeure event occurs for a period of 365 days either party may serve 28 days notice to terminate the agreement and, should the force majeure event continue for such period, the contract shall terminate.

20. Purchase agreement between DekelOil Côte d'Ivoire and Boilermech SDN BHD

Scope of Work

On 22 January 2011, DekelOil Côte d'Ivoire and Boilermech SDN BHD ("Boilermech") entered into an agreement under the terms of which Boilermech agreed to design, manufacture, deliver and install certain steam generating equipment (the "Boiler") in the Mill. The agreement was amended by way of a letter of amendment entered into between the parties on 3 July 2012. It was agreed that the effective date of the agreement (as amended) shall be 21 March 2011 (the "Boilermech Effective Date").

Obligations of Boilermech and Completion and Acceptance of Boiler

It was agreed that the Boiler would be designed, manufactured and installed in accordance with the specifications agreed between Boilermech and DekelOil Côte d'Ivoire and that Boilermech will deliver the Boiler including suitable seaworthy packing at its sole risk and cost (including all related insurance costs) by 15 November 2012 provided that the Boiler has been inspected by DekelOil Côte d'Ivoire's

representative for, *inter alia*, the completeness of the packing list. The parties have agreed to vary the terms of the agreement and have now agreed that delivery of the Boiler will take place no later than 15 January 2013.

Boilermech has undertaken that the Boiler shall be ready for commissioning (as evidenced by successful setting of safety valves, upon sufficient supply of water, fuel and electricity by DekelOil Côte d'Ivoire) by the later of (i) 12 months from the Boilermech Effective Date or (ii) 5 months following completion of the Boiler house and foundation or 5 months from the commencement of the installation of the Boiler whichever is later (the "Boilermech Installation Date"). Upon completion of the Installation, DekelOil Côte d'Ivoire will test and evaluate and report any defects or non-compliance with requisite specifications no later than 30 days from the Boilermech Installation Date. Boilermech shall have 30 days to remedy the notified defects or non-compliance.

Final acceptance of the Boiler will be affected upon and subject to the meeting of the following conditions:

- (a) remedying of all defects or non-compliance issues in the Boiler by Boilermech no later than 30 days following the date when such issues are pointed out by DekelOil Côte d'Ivoire;
- (b) satisfaction of all requirements under this agreement;
- (c) the Boiler and its auxiliary facilities being fully operational and tests having confirmed the same during operation of the Mill;
- (d) the manual relating to the drawings and diagrams relevant for the installation, commissioning, testing, training and maintenance of the Boiler (including its interface with other systems of the Mill) being delivered to DekelOil Côte d'Ivoire no later than two months before the Final Acceptance Report; and
- (e) execution of a final acceptance report being executed by Boilermech and DekelOil Côte d'Ivoire (the "Final Acceptance Report").

Boilermech is required to engage all requisite staff for performance of the installation and training duties relating to the Boiler. All travelling and board and lodging costs relating to the staff are the sole responsibility Boilermech who is also responsible for procuring compliance with all relevant laws (including labour and immigration laws).

Prior to final acceptance of the Boiler, Boilermech's senior staff shall provide, at no extra cost to DekelOil Côte d'Ivoire, comprehensive training with respect to Côte d'Ivoire's representatives with respect to the commercial operation and maintenance of the Boiler. Boilermech shall also provide a written training program to DekelOil Côte d'Ivoire prior to final acceptance of the Boiler.

Boilermech's failure to meet the deadline for final acceptance of the Boiler which is not remedied within 30 days shall entitle DekelOil Côte d'Ivoire to receive liquidated damages in the amount of 1 per cent. of the Boiler Consideration per week of delay and up to an aggregate amount equivalent to 5 per cent. of the Boiler Consideration.

The ownership of the Boiler will transfer, free from any and all encumbrance, to DekelOil Côte d'Ivoire on the issuance of a clean bill of lading related to the Boiler and tools and equipment. Notwithstanding the transfer of ownership of the Boiler, Boilermech shall remain liable to installation of the Boiler and other obligations set out in the agreement.

Rights of DekelOil Côte d'Ivoire

If any defective works, for which Boilermech and/or any of its suppliers and/or subcontractors are responsible, cause DekelOil Côte d'Ivoire to incur any costs or losses, DekelOil Côte d'Ivoire may withhold such costs or amounts from the next instalment due under the agreement.

Boilermech shall provide free of charge, spare parts and the number of units agreed in the agreement during the Boilermech Warranty Period (defined below). All parts supplied by Boilermech after the Boilermech Warranty Period (or an extension thereof) shall be at the cost of DekelOil Côte d'Ivoire. Boilermech shall supply all spare parts within a reasonable time frame for a period of 7 years from the date of the agreement.

Warranty Period

Boilermech shall provide a warranty against defective material, workmanship during fabrication and installation for the Boiler and its auxiliary equipment for a period of 12 months from the date of the final acceptance (the "Boilermech Warranty Period"). In certain circumstances, defects in the Boilermech Warranty Period automatically extend the warranty protection.

During the warranty period, Boilermech shall procure that its manager is available to arrive on the Mill site (at Boilermech's sole cost and expense) within 72 hours of notice of a major failure in the Boiler.

Boilermech is also responsible for designating a qualified engineer or technician who shall be present at the Mill on a daily basis during the first month of the Boilermech Warranty Period and shall provide all assistance and advice that may be required to ensure continuous operation of the Boiler. The technician or engineer shall, if requested by DekelOil Côte d'Ivoire, provide additional services to the company for the 3 months following the initial 1 month period at costs set out in the agreement.

Consideration and Guarantees

The consideration payable for the Boiler is US\$1,010,000 (US Dollar One Million and Ten Thousand) (the "Boiler Consideration"). Under the agreement, 20 per cent. of the Boiler Consideration is required to be paid as a non-refundable advance payment no later than 14 days following receipt of the letter of credit or bank guarantee from Boilermech in a form acceptable to DekelOil Côte d'Ivoire. The bank guarantee was received from Boilermech on 10 October 2012 and the 20 per cent. payment was advanced to Boilermech on 16 November 2012.

The remaining 80 per cent. of the Boiler Consideration is payable by way of confirmed irrevocable letter of credit issued by ECOWAS Bank of Investment and Development ("BIDC") and confirmed by Citibank, Standard Chartered Bank or any other bank acceptable to Boilermech which is to be issued no later than two months prior to the Boiler shipment. It was agreed that the letter of credit shall be valid for 12 months from the date of its issuance and Boilermech shall have the right not to deliver the Boiler and dispose of it as it sees fit if the letter of credit is not received 2 months before the date of the Boiler's scheduled delivery. The letter of credit shall be extended at the request of Boilermech, 2 months before the expiry of the letter of credit until such date that the total Boiler Consideration has been paid.

The remaining 80 per cent. of the Boiler Consideration shall be drawn down as follows:

- (a) 60 per cent. of the Boiler Consideration shall be drawn down within 30 days following delivery of the Boiler and the presentation of the packing list, invoice and the signed delivery order by Modipalm acknowledging receipt of the Boiler;
- (b) 10 per cent. of the Boiler Consideration shall be drawn down at the earlier of 6 months following the date of the bill of lading issued upon shipment by Modipalm and upon the commissioning of the Boiler (i.e. the setting of the safety valves as evidenced by the issuance of a Commissioning Report signed off by both Boilermech and DekelOil Côte d'Ivoire); and
- (c) 10 per cent. of the Boiler Consideration shall be drawn down at the later of (i) 8 months from the date of the bill of lading and (ii) upon issuance of the Final Acceptance Report and issue of a bank guarantee in favour of DekelOil Côte d'Ivoire in an amount equal to 5 per cent. of the Boiler Consideration in the form of a performance bond valid for 12 months following the date of the Final Acceptance Report.

The parties agree that DekelOil Côte d'Ivoire shall be entitled to draw on and/or exercise the bank guarantees (listed above) in the event that Boilermech fails to comply with any of its obligations under the agreement and provided that such failure is not remedied within 30 business days of receipt of a written notice from DekelOil Côte d'Ivoire regarding such failure.

Term and Termination of the Agreement

The agreement shall commence on the Effective Date and will terminate on the expiry of the warranty period (set out above).

In the event of (a) a material breach of the agreement by Boilermech; or (b) a breach by Boilermech of any of its obligations under the agreement which is not remedied within 8 weeks from DekelOil Côte d'Ivoire's

notice to Boilermech of such breach; or (c) Boilermech becoming insolvent or bankrupt, going into liquidation, having a receiving or administration order made against it, etc., then the following shall apply:

- (a) DekelOil Côte d'Ivoire shall be entitled to terminate the agreement with immediate effect by written notice to Boilermech;
- (b) DekelOil Côte d'Ivoire shall be entitled to draw on and/or exercise the bank guarantees provided to it by Boilermech;
- (c) Boilermech shall indemnify DekelOil Côte d'Ivoire against all damages and losses of any kind incurred by DekelOil Côte d'Ivoire; and
- (d) any letter of credit issued by DekelOil Côte d'Ivoire shall immediately expire and become null and void.

Boilermech may terminate the agreement by 90 days notice in writing only in the event that a dissolution order is issued against DekelOil Côte d'Ivoire and which is not cancelled within 180 days.

Force Majeure

Any circumstances that relate to the political state in Côte d'Ivoire at the time of execution of the agreement are not categorised as Force Majeure events. If a force majeure event effects Boilermech's ability to perform the works under the agreement then the date of completion of the works shall be extended by the period of delay caused by such an event. Neither party shall be considered to be in default or breach of its obligations under the agreement to the extent that performance of such obligation is prevented by a force majeure event which arises after the Boilermech Effective Date. If the circumstances of force majeure continue for a period of 365 days then either party shall be entitled to serve upon the other 28 days' notice in writing to terminate the agreement.

If the agreement is terminated due to force majeure, Boilermech shall be paid the value of the work it has completed and Boilermech shall repay DekelOil Côte d'Ivoire any payments received for works that were not yet performed or the value of any material that was not delivered to the Mill site.

The agreement is governed by English law.

21. Coordination Agreement between DekelOil Côte d'Ivoire, Modipalm and Boilermech relating to construction of the Mill

On 22 January 2011, DekelOil Côte d'Ivoire entered into a coordination agreement with Modipalm and Boilermech in relation to the construction of a 60 TPH Palm Oil Extraction Facility (the "Mill"). DekelOil Côte d'Ivoire had previously entered into an agreement dated 19 January 2011 with Modipalm ("Principal Agreement") for the engineering, manufacturing, delivery and installation of the Mill, and on 22 January 2011 an agreement with Boilermech ("Purchase Agreement") for the purchase and installation of steam generating facility ("Boiler").

Modipalm and Boilermech agree to cooperate with each other and DekelOil CI to complete the project according to its time-schedule, plans, specifications and costs.

The actions of the parties under the Coordination Agreement shall not discharge Modipalm and/or Boilermech of any liability or obligation under the Principal Agreement or the Purchase Agreement.

Any disputes or disagreement over coordination works between Modipalm and Boilermech shall be referred to the Supervisor and Site Manager who shall resolve the issue and his resolution shall be final and binding on Modipalm and Boilermech.

In addition to its responsibilities under the Principal Agreement Modipalm shall be responsible for coordinating all the works performed on site, subject to any demand or requirement of the Supervisor and Site Manager.

The agreement commences on 22 January 2011 and shall terminate in respect of Modipalm on the termination of the Principal Agreement and with respect to Boilermech on the termination of the Purchase Agreement.

22. Building Contract between DekelOil Côte d'Ivoire and Chantier SARL dated 16 August 2011

General

On 16 August 2011, DekelOil Côte d'Ivoire entered into a contract with Chantier SARL ("Chantier") in relation to the completion of certain earthworks, as specified in appendix 3 to the contract ("Plan"), forming part of the foundations of the Mill at the Mill Site ("Works").

Chantier's Obligations

Chantier is to manage and is duly responsible for the performance of the Works, and undertakes that Works (and the services and works required for best execution of the Works) are executed to professional standards and in accordance with the Plan, to the specifications in appendix 2 to the contract ("Specifications") and to binding regulations in effect at the time (to include, in particular, the standards of the Ivory Coast relating to building, safety and environmental matters). Furthermore, Chantier is to complete the Works in accordance with the timings provided in appendix 4 to the contract ("Building Timetable").

Chantier is responsible for all staff employed in the course of the contract, including compliance with all applicable laws, and that it is solely responsible for any consequences of non compliance. Chantier is entitled to employ such subcontractors as may be required, provided that it shall not subcontract the entirety of the Works, or works exceeding 60 per cent. of the consideration under the contract. DekelOil is entitled to pre-approve the contractors, and furthermore, Chantier shall provide to DekelOil Côte d'Ivoire such information as may be required to ensure that the subcontractors have the level of financial, human and technical resources of a level and competence required to fully satisfy the expectation of DekelOil Côte d'Ivoire. There are additional mechanisms provided in the contract to ensure the complete, proper and timely completion of the works. Chantier is further responsible for any or all employees and/or sub contractors and their respective employees in relation to completing the works, and any defects resulting there from. Should DekelOil Côte d'Ivoire not have a direct contractual relationship with the party concerned to effect a recovery, DekelOil Côte d'Ivoire shall be entitled to recover such amounts from Chantier, who shall then recover the same from the contracting party.

Chantier is responsible for obtaining and maintaining the required level of insurance to comply with the financial consequences of its liability under the contract, and provide the certificate for such to DekelOil Côte d'Ivoire. Chantier is further responsible for ensuring that subcontractors obtain and maintain the required insurance contracts in respect of third party liabilities.

Chantier is responsible for all materials and supplies required to complete the Works, which are itemised at appendix 7 of the contract, and is responsible for the quality and compliance with applicable regulations of such materials, including any resulting costs, expenses or prejudice that may relate to the use of the chosen materials.

DekelOil Côte d'Ivoire shall appoint a technical inspector who is responsible for the technical supervision of the construction, work and execution of all operations in the course of the execution of the Works ("Technical Inspector"). Chantier is obliged to allow DekelOil Côte d'Ivoire or the Technical Inspector free access without danger to the Mill Site to ensure execution of the contract to the Specifications and in accordance with the Building Timetable. DekelOil Côte d'Ivoire has the right to send materials to a laboratory for analysis, and if found not to comply with the applicable standards, to follow the provisions of the contract for breach by the Chantier.

Chantier shall hold weekly meetings to keep DekelOil Côte d'Ivoire apprised of the progress of the Works, with completion to be evidenced by the issue of the corresponding certificate. In the course of completing the Works, Chantier is obligated to notify DekelOil Côte d'Ivoire of any difficulties it may encounter in the completion of the Works, and more particularly the defects, inconveniences or faults that may result. Chantier is further responsible for the protection of the Works, the building and such supplies as are required from deterioration, theft or misappropriation.

In the event of a breach by Chantier of its obligations in completing the Works, Chantier has 7 days to rectify the breach. Should it not remedy the breach within this time period, DekelOil has the right to replace Chantier with a party of its choice. Furthermore Chantier undertakes to indemnify DekelOil Côte d'Ivoire for all expenses and surcharges generated by its breaches.

If Chantier is late in delivering the Works, Chantier is obligated to pay FCFA 250,000 per day for the first 15 days, increasing to FCFA 500,000 for each day thereafter to a limit of FCFA 40,000,000. This amount shall be supported by an autonomous bank guarantee.

Upon final acceptance of the Works, Chantier shall provide a 12 month guarantee, during which time it shall rectify defects within seven days. If the defect is not repaired within this time, DekelOil Côte d'Ivoire has the right to use a third party to complete the works, and Chantier shall pay all expenses and surcharges relating to so doing. Chantier further provides a 10 year guarantee against any damage, including that occurring as a result of ground faults, which compromises the solidity of the Works or the Building, or any constituent part thereof, resulting in such a component being partially or totally unfit for use. Chantier is obliged to perform any works necessary to repair such a defect within 14 days of notification by DekelOil Côte d'Ivoire, failing which DekelOil Côte d'Ivoire is entitled to appoint a third party to complete the work and recover the costs thereof from Chantier.

The 10 year guarantee shall be backed by an insurance policy with one or more first class insurance companies, effective from the date of delivery of the Works, covering the same as the 10 year guarantee outlined above, and that is in accordance with the laws of Côte d'Ivoire. Accordingly Chantier has undertaken to obtain the insurance, pay the applicable premiums and provide proof of such insurance to DekelOil Côte d'Ivoire.

DekelOil Côte d'Ivoire's Obligations

DekelOil Côte d'Ivoire is required to make a downpayment of FCFA 40,000,000, with the remainder calculable by reference to unit prices and schedule specified in appendix 5 of the contract, split 90 per cent. minus the downpayment and the remainder as a guarantee withholding to be paid at the latest of 12 months following acceptance of the works or such period as set out in appendix 2 to the contract. There are additional provisions relating to any additional costs stemming from the performance of the contract.

DekelOil shall notify Chantier within a period of 14 days of notification from Chantier that the Works are complete of the date of a site visit to accept the Works ("Acceptance of Works Visit"). This date shall be no later than 30 days following the receipt of the notification from Chantier.

During the Acceptance of Works Visit, Chantier and DekelOil Côte d'Ivoire shall draw up a report of the Works in the presence of both parties to establish whether they comply with the Specifications. Following the Acceptance of Works Visit (and no later than 14 days after) the final report covering the Works shall be drawn up and DekelOil Côte d'Ivoire shall notify Chantier of its decision regarding acceptance of the Works. At the expiry of the period, except pursuant to prior notification of DekelOil Côte d'Ivoire, the Works shall be deemed accepted.

DekelOil may, however, accept the works by with reserves covering particular imperfections in the Works which shall be rectified by Chantier within 30 days. The acceptance procedure is then followed in respect of the imperfections. Should there be a dispute regarding the reserves, the parties agree to DekelOil Côte d'Ivoire appointing an expert within 10 days, who shall render a decision within 7 days of his appointment.

Termination

Either party is entitled to terminate the contract if, after seven days of notification of the breach to the offending party by registered post or other method by which the date of notice is verifiable, the breach has not been remedied. Should breach by Chantier result in the termination of the Contract by DekelOil Côte d'Ivoire, DekelOil Côte d'Ivoire shall be entitled to recover from Chantier such costs incurred in the rewarding of the contract and pay an indemnity in the amount of FCFA 30,000,000 as compensation for the prejudice suffered by DekelOil Côte d'Ivoire resulting from the termination

The contract, unless terminated in accordance with the above, shall remain in force (notwithstanding the continuance of the 10 year guarantee) until the latter of the Final Acceptance of the Works, or the resolution of such reserves as may have been identified or the Guarantee Withholding has been exercised, or the whole of the purchase price has been paid by DekelOil Côte d'Ivoire to Chantier.

Upon termination of the contract in accordance with the above, Chantier undertakes to remove from the site such materials, structures or other items as identified in the Building Timetable or otherwise used in the course of completing the contract, and in any case within 7 days of termination. In the event of failure

to complete such, DekelOil Côte d'Ivoire is entitled, following formal notice to Chantier, to procure the same at Chantier's sole expense.

Jurisdiction

The applicable law is that of Côte d'Ivoire and the competent jurisdiction for disputes is arbitration under the rules of the International Chamber of Commerce (Paris), by one or three arbitrators appointed in accordance with such. Any arbitration decision is final and binding on the parties.

23. Engineering and Construction Services Agreement between the Company and Construction Métallique Electricité et Process ("CMEP")

On 8 July 2010, DekelOil Côte d'Ivoire entered into an agreement with CMEP under the terms of which CMEP agreed to perform all design, engineering and supervisory services for the planning, design, construction and management of the earthworks related to the Mill (the "CMEP Project"). Details of CMEP's scope of services are set out at Exhibit A to the agreement and include the preparation of all engineering drawings for earthworks and land preparation, foundations and concrete, water supply system, water treatment pools, etc.

CMEP's Responsibilities

CMEP is responsible for providing services of qualified supervisors, engineers, designers, draftsmen and other personnel necessary or appropriate for the preparation and submission of complete and detailed plans and specification, drawings, maps etc. for the construction of the CMEP Project. Furthermore, CMEP is responsible for providing personnel necessary to procure machinery, equipment, materials, supplies, miscellaneous construction items and related services necessary for completion of the CMEP Project works. CMEP is also responsible for providing services of personnel necessary or qualified to manage and administer the contract of subcontracting of the construction, purchase orders and other agreements necessary for execution of the works.

The drawings specified in the agreement are required to be approved by DekelOil Côte d'Ivoire and CMEP is required to provide information customarily necessary for the use of those drawings in the building trades including documents required for regulatory approvals. CMEP is also required to supervise and manage the construction of the CMEP Project and make efforts to ensure the expeditious and economical construction of the same. CMEP is required to carefully inspect all materials and equipment before their incorporation in the CMEP Project.

In addition to the above, under the agreement CMEP is required to file all documents and obtain all permits and licences necessary for the construction of the CMEP Project (save for those specified in the agreement as the responsibility of DekelOil Côte d'Ivoire). CMEP is also required to appoint a person with whom DekelOil Côte d'Ivoire may consult in relation to the CMEP Project and the works undertaken by CMEP.

DekelOil Côte d'Ivoire's Responsibilities

DekelOil Côte d'Ivoire is responsible for (i) providing assistance to CMEP for the purpose of obtaining all the planning and design criteria, (ii) cooperating with CMEP for obtaining permits and licences, (iii) interfacing and assuring the coordination of all work which is being carried out by DekelOil Côte d'Ivoire on the site, (iv) providing on-site representatives to coordinate the start of the CMEP Project works, and (v) appointing an individual who shall act on behalf of DekelOil Côte d'Ivoire and with whom CMEP may consult at all reasonable times, and whose instructions, requests and decisions will be binding on the Company as to all matter relating to this agreement. DekelOil Côte d'Ivoire agreed to appoint Mr. Shaikhe Gilad as its representative but reserved the right to substitute him by 10 days notice in writing to CMEP.

Compensation

DekelOil Côte d'Ivoire will make the following payments to CMEP for the corresponding services:

- (a) FCFA 2,200,000 for Earthwork and site preparation;
- (b) FCFA 650,000 for preparation of documents for invitation to tenders and quantitative estimate specifications for the works specified;

- (c) FCFA 8,900,000 for foundations and concrete paving;
- (d) FCFA 1,500,000 for preparation of documents for invitation to tenders and quantitative estimate specifications for the foundation and concrete paving works;
- (e) FCFA 6,400,000 for factory metallic constructions;
- (f) FCFA 2,080,000 for preparation of documents for invitation to tenders and quantitative estimate specifications for the metallic construction works;
- (g) FCFA 2,000,000 for the water system;
- (h) FCFA 960,000 for analysis of tenders and preparation of a report on the selection of companies;
- (i) FCFA 71,025,000 for monitoring of execution works (including coordination between all contractors working on the site);
- (j) FCFA 3,906,000 for coordination of all execution plans, especially attachment machines in the factory floor of the main building;
- (k) FCFA 35,000,000 for implementation of an office on the site and assigning one or more competent engineers responsible for supervision and coordination of the CMEP Project; and
- (l) in relation of all services not included in the above and to be supplied by CMEP at the request of the Company will be billed to the Company at FCFA 25,000 per hour for a senior engineer and FCFA 15,000 per hour for a junior engineer.

DekelOil Côte d'Ivoire will make the aforesaid payment by wire transfer to a bank account designated by CMEP. In case CMEP does not finish the specified work on time (other than for reasons attributable to DekelOil Côte d'Ivoire), DekelOil Côte d'Ivoire may withhold an equitable amount of the payment corresponding to the value of the unfinished portion until the completion of the relevant works. DekelOil Côte d'Ivoire will not be responsible for making any payments to contractors of CMEP and no progress payment or partial payment or occupancy of the CMEP Project by DekelOil Côte d'Ivoire shall constitute acceptance of services not in accordance with this agreement.

The agreement contains standard warranties as to CMEP's performance, qualifications and experience for the purposes of completing the CMEP Project. CMEP has also indemnified DekelOil Côte d'Ivoire against all claims for accidents to a person and/or damage or destruction of property resulting from negligent acts or omissions of CMEP, its agents and subcontractors.

Insurance

CMEP is required to subscribe to insurance policies from insurance companies of good repute and according to standards covering the workers and vehicles used for the CMEP Project.

Termination

DekelOil Côte d'Ivoire may at any time terminate the agreement by 30 days notice in writing to CMEP. CMEP will be entitled to receive compensation for work done until the date of termination and will, on receipt of the termination notice, submit immediately to the Company all maps, diagrams, letters, material etc. on the state of progress of work leading up to termination.

Completion

CMEP will begin its services immediately on the execution of the agreement and the CMEP Project shall be completed no later than by 31 December 2012. The completion date may be changed by agreement of the parties.

Plan Title and Specifications

All drawings and specifications prepared by CMEP pursuant to this agreement which CMEP supplies to the Company shall be the property of DekelOil Côte d'Ivoire.

Governing Law and Disputes

The agreement is governed and will be interpreted in accordance with the laws of Côte d'Ivoire. All claims, disputes and other matters in question which arise out of or relate to this agreement shall be decided by a court of competent jurisdiction of OHADA.

24. Agreement between DekelOil Côte d'Ivoire and Ivoire Ingenierie ("2i")

On 11 June 2012, DekelOil Côte d'Ivoire entered into an agreement with 2i under the terms of which 2i agreed to undertake all civil works (including excavation of pits for the Mill's foundation, hopper and Boiler and cleaning of the Mill Site) (the "2i Works"). It was agreed that 2i will undertake the 2i Works in accordance with the plan/layout set out in Appendix 3 of the agreement including all technical specification described in the schedule of conditions at Appendix 2 of the agreement.

Employees or contractors of 2i

The parties have agreed that while 2i shall have the right to use the services of subcontractors it shall not subcontract more than 60 per cent. of the value of the 2i Works. The parties have further agreed that notwithstanding the engagement of any subcontractors by 2i, 2i shall remain solely responsible for all obligations under the agreement. In the event that any of the 2i Works are subcontracted by 2i, such terms of subcontracting (including the subcontractor itself) will need to be approved by DekelOil Côte d'Ivoire.

Any dispute between 2i and any of its subcontractors shall be referred to DekelOil Côte d'Ivoire no later than 2 days of such dispute having occurred. The decision of DekelOil Côte d'Ivoire in relation to the said dispute will be final and binding on 2i.

Materials and Suppliers

Except as otherwise stated in the agreement, 2i is solely responsible for the supply of the materials and supplies necessary for completion of the 2i Works. 2i shall provide a list of materials used in the 2i Works to DekelOil Côte d'Ivoire. 2i has undertaken and guaranteed that all supplies and/or materials used in the completion of the 2i Works will confirm with any regulations in force.

Control of the 2i Works and Coordination on the Mill Site

The agreement states that the control of the Mill Site and the execution of the whole of the operations of the 2i Works are with CMEP (see summary of contract above). 2i has agreed to allow DekelOil Côte d'Ivoire and/or CMEP access to the construction site so as to be able to verify that 2i Works are in conformity with the terms of this agreement.

Price and Mode of Payment

The total price payable for the 2i Works is (approximately) FCFA 1,124,000,000 including the FCFA 200,000,000 advance payment (being 20 per cent. of the total contract value) already made to 2i by DekelOil Côte d'Ivoire. The advance payment was payable simultaneous to 2i arranging the issue of a bank guarantee in favour of DekelOil Côte d'Ivoire for the advance payment amount.

The total price for the 2i Works shall be paid by DekelOil Côte d'Ivoire in instalments/stages set out in the schedule of payment set out at Appendix 5 of the agreement.

DekelOil Côte d'Ivoire shall, notwithstanding the schedule of payments attached to the agreement, withhold 10 per cent. of the total amounts payable as "retention money". The retention money shall be payable in two equal instalments once the 2i Works have been provisionally and finally accepted, respectively, by DekelOil Côte d'Ivoire.

Completion of 2i Works

2i has agreed to complete all the 2i Works no later than 5 months from the date of the reception of the order to commence work. In the event of delay in completing the 2i Works, 2i is liable to pay late payment charges equal to FCFA 1,000,000 per day of delay. If the delay continues past 15 days following the date the 2i Works should have been completed, the late payment charges shall be FCFA 2,000,000 per day. The maximum compensation payable for delay in completing the 2i Works shall be FCFA 40,000,000.

Acceptance of the 2i Works

Once the 2i Works have been completed, 2i shall give notice of the same to DekelOil Côte d'Ivoire who shall convey its intention to visit the Mill Site for acceptance of the works no later than by 30 days following the date of the 2i notice. In the event that DekelOil Côte d'Ivoire has reservations on the 2i Works, it shall draw up an Official Report of Acceptance wherein such reservations/defects are noted.

No later than 14 days following the acceptance visit, DekelOil Côte d'Ivoire will inform 2i of its decisions to accept the 2i Works or that there are certain deficiencies or defects that need to be remedied. In the event that any defects are pointed out by DekelOil Côte d'Ivoire, 2i shall have 30 days to correct such defects and notify completion of such corrections to DekelOil Côte d'Ivoire. On receipt of the notice, DekelOil Côte d'Ivoire shall arrange another visit to the Mill Site to review the remedied works (which visit shall be no later than 30 days following receipt of the notice from 2i). Subsequent to the visit, DekelOil Côte d'Ivoire may accept the remedied works or point out defects that have not been addressed by 2i in which case DekelOil Côte d'Ivoire may either choose to terminate this agreement or refer the matter to an expert nominated by mutual agreement of the parties. The expert will ascertain the quantum of the defects whereafter DekelOil Côte d'Ivoire will adjust the relevant amounts from the retention money and transfer the balance to 2i. In the event that the quantum of the defects is determined to be greater than the retention money, 2i shall procure payment of the balance to DekelOil Côte d'Ivoire.

Guarantees

In addition to the advance payment guarantee for FCFA 200,000,000, DekelOil Côte d'Ivoire has been provided an additional performance guarantee in the amount of FCFA 50,000,000. This guarantee was provided in accordance with an addendum signed between the parties on 12 June 2012.

Furthermore, 2i has provided a contractual guarantee whereby for a period of 12 months following completion of the 2i works it will remedy any defects notified to it by DekelOil Côte d'Ivoire within a 7 day period of such notification.

On completion and acceptance of the 2i Works, 2i will arrange a 10 year guarantee to be provided by Bureau Veritas. Under the terms of the Veritas guarantee, 2i will be required to repair any defects in the works no later than 14 days of being notified of the same.

Insurances

2i shall be responsible for maintaining all-risks insurance (including civil liability insurance) relating to the 2i Works. To this effect, 2i is required to provide a certificate of insurance (attached at Appendix 6 of the agreement) to DekelOil Côte d'Ivoire which shall be issued by the insurance company setting out the terms of the insurance taken.

DekelOil Côte d'Ivoire has also been provided a confirmation that 2i has subscribed to insurance policies that, for a period 10 years commencing from the acceptance of the 2i Works, provide cover for the financial consequences of the defects resulting from a default by 2i in completion of the 2i Works.

Termination

Each party shall be required to remedy a breach of its obligations under the agreement no later than 7 days following notice of such breach given by the other party. In the event that such breach is not remedied within the stipulated time, the other party may terminate the contract.

Applicable law

The agreement is subject to the laws of Côte d'Ivoire.

25. Loan Agreement between DekelOil Côte d'Ivoire and the West African Development Bank

On 3 August 2010, DekelOil Côte d'Ivoire entered into a loan agreement with West African Development Bank ("BOAD") for the partial financing and development of the Project. Under the terms of this agreement, BOAD granted DekelOil Côte d'Ivoire a facility of up to FCFA 4,500,000,000 (the "BOAD Facility"). The BOAD Facility was granted for a period of 8 years and it was agreed that it could be withdrawn in one or several instalments.

Interest and Fees

The amounts withdrawn by DekelOil Côte d'Ivoire shall be subject to an annual interest rate of 10.5 per cent. which shall be payable on the maturity date of each relevant interest period (that is, 31 January and 31 July). Each interest period shall have a duration of 6 months (with the 1st interest period beginning on the first provisioning date). In the event that any payment is not made in accordance with the terms of the agreement, a default interest rate of 3.0 per cent. (in addition to the 10.5 per cent) shall be applicable on the outstanding amounts. BOAD is also entitled to a set-up fee of 1 per cent. of the facility amount along with a 0.5 per cent. commitment fee for amounts of the BOAD Facility which remain not drawn.

Use of Loan

The Loan must be used for the costs incurred for completion of the Project. Under the terms of the agreement, it was agreed that all goods, services and works financed by the BOAD Facility shall be purchased in accordance with BOAD's "Rules of Procedure for Purchase of Goods, Services and Works" and that the first and last withdrawals from the facility shall be no later than 12 months and 24 months from the date of execution of the agreement, respectively. The withdrawals period was subsequently extended until 1 August 2013. The first withdrawal of the BOAD Facility was made by DekelOil Côte d'Ivoire on 2 September 2011.

The withdrawals made to date have financed payments to the Mill contractor and for the earthworks for the Mill. Further details of how the money advanced under the BOAD Facility have been expended is set out at Part I of this Document.

It has further been agreed that during the execution phase of the Project, DekelOil Côte d'Ivoire shall provide BOAD quarterly updates relating to the Project, detailed annual reports in relation to the technical and financial aspects of the Project and, not later than three months following end of the investment or execution phase of the Project provide a completion report in relation to the same to BOAD. In December 2011 an evaluation team of the bank conducted a visit to the project. The evaluation was completed successfully and funds were subsequently advanced by the bank to the company. In relation to the operating phase of the Project (and for as long as the loan remains outstanding to BOAD), it has been agreed that DekelOil Côte d'Ivoire shall provide to BOAD information about all its activities at the end of each half yearly period, an annual report of its activities and financial statements at the latest 6 months after end of the financial year and annual or periodic audit reports of its financial statements.

Repayment Terms

It was agreed that, subject to completion of certain conditions, DekelOil Côte d'Ivoire shall, for the first 3 years following the date of execution of the loan agreement, only pay the interest, commissions, fees, charges and costs accrued on the BOAD Facility. It was agreed that the BOAD Facility shall be repaid by DekelOil Côte d'Ivoire in 10 half yearly payments. The first repayment from DekelOil Côte d'Ivoire will be made at the first semi annual payment date following three years from first withdrawal date, being 31 January 31, 2015.

DekelOil Côte d'Ivoire has the option to pre-pay any amounts due under the BOAD Facility provided that all interests and fees due have been paid up and that 45 days written notice of DekelOil Côte d'Ivoire's intention to make pre-pay the loan has been sent to BOAD. At the same time as early total or partial repayment, DekelOil Côte d'Ivoire shall pay to the Bank a compensatory indemnity applied to the Principal of the Loan over a maximum period of 3 years which shall amount to the difference between the interest rate paid under this agreement and the rate of return on the cash of the Bank in its account with the BCEAO.

Any payment made by DekelOil Côte d'Ivoire will be allocated in the following order:

- (a) firstly to pay charges;
- (b) secondly, to payment of fees due to Bank;
- (c) thirdly, to payment of any late payment interest;
- (d) fourthly, to payment of any interest; and
- (e) fifthly, to payment of the principal.

Waiver

DekelOil Côte d'Ivoire can waive the right to all or some of the future provisions subject to paying the Bank a waiver indemnity of 0.25 per cent. of the amount of the waiver.

Penalties for Default

Under the agreement, BOAD can suspend the provisions of the agreement in the event that:

- (a) DekelOil Côte d'Ivoire breaches any of its obligations concerning payment of the principal or interest or any other payment;
- (b) any political, economic or financial or other event occurring after the date of signature of the agreement which, according to BOAD is likely to compromise the execution and completion of the Project or compliance with the agreement or related contracts; or
- (c) information provided by DekelOil Côte d'Ivoire is discovered to be inaccurate or invalid.

BOAD can terminate the provisions of the agreement in the event that:

- (a) any event that may constitute an occurrence of acceleration of maturity takes place;
- (b) there is suspension of any of the provisions under the agreement for 30 consecutive days;
- (c) an amount in the request for a provision is determined not to be necessary to cover the costs previously approved by the parties; or
- (d) BOAD receives a notice from the signatory of the guarantee documents under the terms of which the signatory no longer accepts to provide the guarantee required to be arranged by DekelOil Côte d'Ivoire under the agreement.

Covenants

DekelOil Côte d'Ivoire is required to comply with the mitigation plan and/or the recommendations of the ESIA in addition to all applicable environmental laws in Côte d'Ivoire in the development and subsequent operation of the Mill.

Guarantee and Pledge

DekelOil Côte d'Ivoire is required to furnish a guarantee of up to 30 per cent. of the BOAD Facility in favour of BOAD, create a trust (in favour of BOAD) for the equipment and buildings of DekelOil Côte d'Ivoire and also delegate in favour of BOAD the benefit of the loss of profit insurance policy taken out by it. Furthermore, DekelOil Côte d'Ivoire is required to grant a pledge in favour of BOAD over a blocked account representing an amount equivalent to two half yearly instalments repayable by the company to BOAD under the agreement.

Assignment

DekelOil Côte d'Ivoire cannot assign or transfer its rights or obligations under the agreement, however, BOAD has been granted the option to assign or transfer its rights and/or obligations. BOAD may also grant participation rights in the BOAD Facility to other parties.

Jurisdiction

The agreement is governed by the law of Côte d'Ivoire.

26. Loan Agreement between DekelOil Côte d'Ivoire and the Bank of Investment and Development of CEDEAO

General

On 5 February 2010, DekelOil Côte d'Ivoire entered into a loan agreement with the Bank of Investment and Development of CEDEAO based in Togo ("BIDC") for the partial financing of the project relating to creation an agro industrial complex for palm oil production at Ayenouan, Côte d'Ivoire (the "CI Project"). Pursuant to the agreement DekelOil Côte d'Ivoire would borrow from BIDC 6,681,000 units of account which would be equivalent to FCFA 4,886,879,700 or approximately €7,450,000 Euros or 25 per cent. of the estimated CI Project cost (the "BIDC Facility").

Repayment Terms

The key repayment terms are as follows:

- (a) The BIDD Facility is repayable by DekelOil Côte d'Ivoire over a 5 year period (with a grace period of 3 years from the date of the first drawdown of the BIDD Facility) at 20 equal and consecutive quarterly payments. The first payment will be made on 1 January, 1 April, 1 July or 1 October depending on which of the four dates immediately follows the end of the grace period;
- (b) Interest accrues on the outstanding BIDD Facility at a rate of 10.5 per cent. per annum calculated on the basis of the number of days elapsed based on 365 days a year;
- (c) DekelOil Côte d'Ivoire paid (upon signature of the agreement) a flat commission equating to 1 per cent. of the maximum amount of the BIDD Facility;
- (d) DekelOil Côte d'Ivoire is also obligated to pay to BIDD a fee of 0.75 per cent. per annum on the undisbursed balances of the maximum amount of the BIDD Facility;
- (e) If the BIDD Facility disbursement is in the form of a letter of credit, DekelOil Côte d'Ivoire will also pay to BIDD, quarterly, a special commitment fee of:
 - (i) 0.5 per cent. of the amount of any letter of credit issued by BIDD; or
 - (ii) 0.35 per cent. of the amount of any letter of credit guaranteed by BIDD;
- (f) DekelOil Côte d'Ivoire has the option to prepay the BIDD Facility;
- (g) BIDD will make disbursements under the BIDD Facility to cover the cost of goods and services required for the Project;
- (h) The deadline for the:
 - (i) first disbursement of the BIDD Facility would be 90 days from 21 February 2012 (the first instalment of the BIDD Facility was drawn down on 9 March 2012). As at the date of this Document DekelOil Côte d'Ivoire has drawn down approximately €2,000,000 Euro of the BIDD Facility; and
 - (ii) the last instalment of the BIDD Facility shall be 6 months from the estimated end of the Project (6 May 2013);
- (i) DekelOil Côte d'Ivoire is responsible for any tax payable on the BIDD Facility; and
- (j) Any payment made by DekelOil Côte d'Ivoire will be allocated in the following order:
 - (i) Firstly to pay penalties on commission of loan file, commission and any guarantee fee;
 - (ii) Secondly; to payment of the commission payable under the agreement;
 - (iii) Thirdly, to payment of the commitment fee payable under the agreement;
 - (iv) Fourthly, to payment of the special commitment fee payable under the agreement; and
 - (v) Fifthly, to payment of interest and penalties on the amount of any unpaid repayment;
 - (vi) Sixthly, to payment of any interest under the agreement; and
 - (vii) Seventhly, to payment of the principal amounts under the BIDD Facility.

Penalties for Default

Failure to repay the BIDD Facility on the dates due will attract various monetary and non-monetary penalties.

Further, BIDD can apply any of the available penalties (including repayment) if:

- (a) DekelOil Côte d'Ivoire's situation has significantly deteriorated;
- (b) One of the statements made by DekelOil Côte d'Ivoire in the agreement is vitiated by a serious inaccuracy; or
- (c) DekelOil Côte d'Ivoire disposes of collateral granted to BIDD.

DekelOil Côte d'Ivoire has agreed to indemnify BIDD for any damages, losses, costs, charges, fees, etc., that BIDD would have to bear due to failure by DekelOil Côte d'Ivoire of its obligations under the agreement.

Obligations

DekelOil Côte d'Ivoire agreed to enforce and administer the Project with the diligence and efficiency necessary according to financial standards, administrative and proven techniques, under the guidance of competent management and qualified and experienced staff in accordance with the investment programs, budget estimates, plans and specifications. It has, however, been agreed that BIDD shall first approve such investment programs, budget estimates, plans and specifications. DekelOil Côte d'Ivoire must also seek the approval of BIDD and provide the necessary information for any significant change in costs, plans and other project related issues, as well as for any substantive changes to the contracts of purchases of goods and services in the implementation of the project contracts.

Covenants

DekelOil Côte d'Ivoire is required to comply with the mitigation plan and/or the recommendations of the ESIA in addition to all applicable environmental laws in Côte d'Ivoire in the development and subsequent operation of the Mill.

Conditions Precedent

There are certain conditions precedent that are needed to be satisfied by DekelOil Côte d'Ivoire before BIDD will make the 1st disbursement. These conditions include:

- (a) Payment of the commission payable under the agreement;
- (b) Opening up of DekelOil Côte d'Ivoire's capital by other institutional shareholders and/or private investors up to third;
- (c) Payment of all paid in capital at the amount of FCFA 1,990,000,000;
- (d) provision to BIDD of the legal documents approving the capital increase and settlement of capital;
- (e) Signature of guarantees (see below);
- (f) Provision to BIDD of permits for the Project;
- (g) Provision relevant contracts relating to the Project;
- (h) provision to BIDD and receipt of its non-objection notice for all tenders before submitting them as well as the analysis of the offers before reaching a final decision;
- (i) putting at the disposal of BIDD all draft contracts for review of non-objection prior to signature;
- (j) provision to BIDD of a copy of the signed agreements with cooperatives for a period covering the duration of the BIDD Facility;
- (k) provision to BIDD of a signed copy of the technical assistance contract;
- (l) provision to BIDD of copies of the loan agreements signed with other backers.

All of the conditions above were satisfied by DekelOil Côte d'Ivoire or waived by BIDD, and the first disbursement of the BIDD Facility was made on 9 March 2012.

Guarantees

DekelOil Côte d'Ivoire agreed to provide the following guarantees:

- (a) a guarantee from certain institutions, insurance companies or banks up to 60 per cent. of the BIDD Facility principal and interest;
- (b) a first demand guarantee from the Company to 40 per cent. of the BIDD Facility principal and interest;
- (c) opening in a bank of a 1st revenue clearance account with pledge of cash consideration equal to two repayments of principal and interest under the BIDD Facility; and
- (d) pledge of equipment financed from resources of the BIDD Facility.

Governing Law

The agreement is governed by the Revised Treaty of West African States.

27. First Demand Guarantee from La Loyale Assurances SA in favour of BOAD

On 22 July 2010, La Loyale Assurances SA (“La Loyale”), on behalf of DekelOil Côte d’Ivoire, issued an irrevocable and unconditional first demand guarantee in the amount of FCFA 1,500,000,000. The guarantee was issued in favour of BOAD for the purposes of securing payments under the BOAD Facility. Under the guarantee, La Loyale is obliged to pay BOAD if DekelOil Côte d’Ivoire is unable to make payment of three consecutive instalments under the BOAD Facility. Payment is to be made in FCFA and the guarantee terminates 30 days after the final repayment of the BOAD Facility.

The guarantee is subject to the OHADA Uniform Act and the tribunal in Abidjan is the competent court for any disputes.

28. First Demand Guarantee from La Loyale in favour of B IDC

On 22 July 2010, La Loyale, on behalf of DekelOil Côte d’Ivoire, issued an irrevocable and unconditional first demand guarantee in the amount of FCFA 1,500,000,000. The guarantee was issued in favour of B IDC for the purpose of securing payments under the B IDC Facility. This guarantee is on substantially the same terms as the guarantee issued by La Loyale to BOAD (above).

29. First Demand Guarantee from La Loyale in favour of B IDC

On 16 January 2012, La Loyale, on behalf of DekelOil Côte d’Ivoire, issued an irrevocable and unconditional first demand guarantee in the amount of FCFA 1,075,113,534. The guarantee (in addition to the guarantee summarised above) was issued in favour of B IDC for the purpose of securing payments under the B IDC Facility. This guarantee is on substantially the same terms as the above guarantees, save that this guarantee is for a fixed term expiring on 30 September 2018.

30. First Demand Guarantee from La Loyale in favour of B IDC

On 16 January 2012, La Loyale, on behalf of DekelOil Côte d’Ivoire, issued an irrevocable and unconditional first demand guarantee in the amount of FCFA 879,638,346 in relation to the B IDC Facility. The guarantee is on substantially the same terms as the above and is for a fixed term which expires on 30 September 2018.

31. Pledge of equipment issued by DekelOil Côte d’Ivoire in favour of BOAD (West African Development Bank) and B IDC (Bank of Investment and Development of CEDEAO)

On 7 July 2011 DekelOil Côte d’Ivoire entered into a pledge agreement with BOAD and B IDC (the “Banks”) to secure respectively a loan of FCFA 4,500,000,000 and a loan of FCFA 4,886,879,700 granted by the Banks to DekelOil Côte d’Ivoire. The pledge granted to these Banks security over transport equipment sourced by DekelOil Côte d’Ivoire from the loans received from the Banks.

Under the terms of the pledge agreement, DekelOil Côte d’Ivoire is required to subscribe for an insurance policy to cover against any risk of loss, damage or fire which might affect the equipment granted as collateral to the Banks. The pledge will remain in force for as long as the debt to which it relates remains outstanding.

The agreement is governed by the OHADA uniform law and any disputes under the agreement are to be settled by the OHADA arbitration centre.

32. Loan Agreement between DekelOil Côte d’Ivoire and Diamond Bank

On 1 July 2011 DekelOil Côte d’Ivoire entered into a loan agreement with Diamond Bank for the partial financing of its transport equipment. Pursuant to the agreement, Diamond Bank agreed to grant DekelOil Côte d’Ivoire a facility up to FCFA 872,000,000 (approximately €1,330,000 Euros) (the “Diamond Bank Facility”). The agreement notes that the DekelOil Côte d’Ivoire’s project is also financed by loans from other banks and by way of equity.

Repayment Terms

The key repayment terms of the Diamond Bank Facility are as follows:

- (a) Each loan withdrawal is considered as a separate loan under the Diamond bank Facility. The principal of each loan will be repaid within 3 years (by way of 36 consecutive monthly instalments) following the date of each respective disbursement under the facility, each with a grace period of 3 months. The Company's first disbursement of the Diamond Bank Facility was in September 2012 and its first repayment to Diamond Bank was made in January 2013;
- (b) Interest accrues on the outstanding Diamond Bank Facility at a rate of 12.5 per cent. per annum;
- (c) DekelOil Côte d'Ivoire has paid (upon signature of the agreement) a flat commission equating to 1.5 per cent. of amount of the Diamond Bank Facility;
- (d) The interest and commission will be subject to value added tax at the rate of 10 per cent.;
- (e) DekelOil Côte d'Ivoire is responsible for payment of any tax on the Diamond Bank Facility; and
- (f) Failure to repay the Diamond Bank Facility on the dates due attracts default interest being 15 per cent. per annum and 1 per cent. flat penalties.

Conditions Precedent and Security

The loan agreement was subject to certain conditions precedent that needed to be satisfied before each disbursement is advanced. These conditions included the grant of security to Diamond Bank.

As security for the Diamond Bank Facility, DekelOil Côte d'Ivoire agreed to provide the following guarantees:

- (a) Pledge of the transport equipment of DekelOil Côte d'Ivoire financed from the resources of the Diamond Bank Facility;
- (b) Opening of an escrow account with Diamond Bank with deposits equalling 30 per cent. of the amounts drawn down under the Diamond Bank Facility; and
- (c) A comprehensive insurance policy covering the equipment financed from the resources of the loan with transfer of the rights to Diamond Bank.

The agreement is governed by the laws of Republic of Côte d'Ivoire

33. Overdraft Agreement between DekelOil Côte d'Ivoire and Diamond Bank

On 1 July 2011 DekelOil Côte d'Ivoire entered into an overdraft agreement with Diamond Bank up to an amount of FCFA 3,500,000,000 (approximately €5,330,000) (the "Diamond Bank Overdraft"). The purpose of the Diamond Bank Overdraft is to provide finance for the company's working capital.

Repayment Terms

The key repayment terms of the Diamond Bank Overdraft are as follows:

- (a) The Diamond Bank Overdraft was granted for an initial term of 12 months, which has since been renewed by the parties for a further 12 months, and may be repaid at any time prior to lapse of the facility;
- (b) Interest accrues on the outstanding Diamond Bank Overdraft at a rate of 12 per cent. per annum. Any of anticipatory payment at least 15 days before the lapse of the facility will not attract interests in favour of Diamond Bank;
- (c) DekelOil Côte d'Ivoire is required to pay (upon signature of the agreement) a flat commission equating to 1.5 per cent. of amount of the total Diamond Bank Overdraft;
- (d) The interest and commission are subject to value added tax at the rate of 10 per cent.;
- (e) DekelOil Côte d'Ivoire is responsible for any tax on the outstanding amounts under the Diamond Bank Overdraft; and
- (f) Failure to repay amounts owed under the Diamond Bank Overdraft on the dates due will incur default interest being 15 per cent. per annum and 1 per cent. flat penalties.

As at the date of this Document DekelOil Côte d'Ivoire has not drawn down any amount under the Diamond Bank Overdraft.

Conditions Precedent

The overdraft agreement is subject to certain conditions precedent including the grant of security to Diamond Bank

DekelOil Côte d'Ivoire agreed to provide the following guarantees to secure the Diamond Bank Overdraft:

- (a) Pledge of the future stocks of palm oil products of DekelOil Côte d'Ivoire; or
- (b) First demand bank guarantee from the Company up to the overdraft principal and interest not covered by the future stock of palm oil products; and
- (c) A comprehensive insurance policy covering the stocks of goods pledged as collateral.

The overdraft facility agreement is governed by the laws of Republic of Côte d'Ivoire.

34. Pledge of transport equipment issued by DekelOil Côte d'Ivoire in favour of Diamond Bank

On 1 July 2011 DekelOil Côte d'Ivoire entered into a pledge agreement with Diamond Bank to secure the Diamond Bank Facility (FCFA 872,000,000). The pledge is given over the transport equipment procured by DekelOil Côte d'Ivoire through resources made available under the Diamond Bank Facility.

Under the terms of the agreement, it was agreed that the pledge will be perfected on transport equipment financed from the Diamond Bank Facility. It was agreed that the transport equipment will be procured by DekelOil Côte d'Ivoire. DekelOil Côte d'Ivoire agreed to subscribe to an insurance policy against any risk of loss, damage or fire which may effect the pledged equipment.

It was agreed that the pledge created under the agreement will subsist for as long as any amounts remain outstanding under the Diamond Bank Facility.

The pledge agreement is governed by the laws of the Republic of Côte d'Ivoire.

35. Pledge of future stock of palm oil products issued by DekelOil Côte d'Ivoire in favour of Diamond Bank

On 1 July 2011 DekelOil Côte d'Ivoire entered into a pledge agreement with Diamond Bank to provide security against the Diamond Bank Overdraft (FCFA 3,500,000,000). The pledge issued by the company relates to its future stocks of oil palm products.

Under the terms of the pledge agreement, it was agreed that the pledge will be perfected on future stocks of oil palm product in the amount of FCFA 1,750,000,000 and the company will procure that the pledged stock is free from any other security or encumbrance. DekelOil Côte d'Ivoire has undertaken to subscribe to an insurance policy to provide cover against any risk of loss, damage or fire which may affect the pledged stock.

The pledge agreement shall subsist as long as any amount under the Diamond Bank Overdraft facility remain outstanding.

The pledge agreement is governed under the laws of the Republic of Côte d'Ivoire.

36. Pledge of future stock of fresh fruit bunches (FFB) between DekelOil Côte d'Ivoire and La Loyales Assurances

On 20 April 2012 DekelOil Côte d'Ivoire entered into a pledge agreement with La Loyale Assurances ("Loyale") for the purpose of guaranteeing two credit insurance guarantees in the aggregate amount of FCFA 1,954,751,880 issued by Loyalein favour of DekelOil Côte d'Ivoire. The Pledge is given on DekelOil Côte d'Ivoire's future FFB yields produced by 600 hectares of DekelOil Côte d'Ivoire's plantations.

The agreement is governed by the laws of Republic of Côte d'Ivoire.

37. Property Rights Endorsement to Lending Institutions

On 4 October 2011, Sinclair Insurance Company Limited agreed to provide the ceding insurer, Loyale, with facultative reinsurance cover for DekelOil Côte d'Ivoire, following Loyale, based on the instructions of DekelOil Côte d'Ivoire to irrevocably endorse its rights in certain material damages policies to the two lending institutions, The Bank for Investment and Development of CEDEAO (Togo) and the West African Development Bank. The period of the policy is up to 5 years, annually reviewed. This agreement has not yet commenced but will be put into operation once the relevant equipment reaches Abidjan, Côte d'Ivoire.

38. Political Risks Insurance For Foreign Equity Investors

DekelOil Consulting and CSDS (and/or affiliated, associated and subsidiary companies) obtained insurance from Sinclair Insurance Company Limited against expropriatory acts, political violence and business interruption (effective from 13 January 2011 to 21 January 2014) and against war up to an aggregate limit of €11,000,000. The annual premium payable was €21,800 p/a on inception, €28,300 in the second year and €30,000 in the third year.

39. Long lease agreement between DekelOil Côte d'Ivoire Limited and the ADAOU Village Community

On 1 October 2008, DekelOil Côte d'Ivoire entered into an agreement with Mr. Bleoue aka Georges, Mr. Akohi Benie and Mr. Tanoh Kablan (representing the ADAOU Community Village) (the "ADAOU Lessors") under the terms of which the ADAOU Lessors granted DekelOil Côte d'Ivoire a 90 year lease over 42 hectares of land situated at Ayenouan, sub-prefecture of Aboisso. It was agreed that the leased land will, *inter alia*, be used by DekelOil Côte d'Ivoire for the purposes of building a palm oil processing plant, developing a crop nursery and building staff accommodation.

It was agreed that the ADAOU Lessors would procure quiet enjoyment of the leased land by DekelOil Côte d'Ivoire and access to the Ayenouan river. The ADAOU Lessors are also responsible for obtaining a land certificate no later than 6 months from the date of the long lease. It was further agreed that DekelOil Côte d'Ivoire shall take the leased land on an as-is basis and would not require any additional work from the ADAOU Lessors. The parties agreed that DekelOil Côte d'Ivoire shall pay an annual rental fee of FCFA 3,000,000 in relation to the land.

In the event that the ADAOU Lessors do not obtain the land certificate relating to the leased land, DekelOil Côte d'Ivoire has the right to refuse payment of the annual fee to the lessors. In such a case, DekelOil Côte d'Ivoire shall pay the annual fee in a locked bank account and such money shall be held in the account until the land certificate is obtained or any resultant dispute is resolved between the parties.

As at the date of this Document the ADAOU Lessors have not obtained the land certificate. Based on legal advice received from the Company's Côte d'Ivoire legal counsel, failure to obtain a land certificate is a regular occurrence in Côte d'Ivoire, and does not affect the right of the ADAOU Lessors to perform their obligations under the lease. Accordingly, following discussions with the ADAOU Community Village, all payments from DekelOil Côte d'Ivoire are being made directly to the landlord's account rather than to an escrow account.

The lease agreement is governed by the law of the Republic of Côte d'Ivoire and any dispute (which is not amicably settled between the parties within 30 days of its occurring) shall be resolved by the Common Court of Justice and Arbitration of the Organisation for the Harmonisation of Business Law in Africa.

40. Cooperation Agreement between DekelOil Côte d'Ivoire Limited and La Coopérative Palm-Ehania

On 3 December 2007, DekelOil Côte d'Ivoire and La Coopérative Palm-Ehania ("LCPE" being a collection of palm tree planters in the Zone A region (comprising Aboisso and Bonoua) of Côte d'Ivoire) entered into a cooperation agreement under the terms of which DekelOil Côte d'Ivoire agreed to finance the development of existing palm tree plantations and creation of new plantations by the members of LCPE. The term of the agreement is 40 years and is renewable at the option of DekelOil Côte d'Ivoire. A new agreement will need to be entered into between the parties at the time of any renewal.

Rights of DekelOil Côte d'Ivoire and LCPE members

Under the terms of the agreement, it has been agreed that while members of LCPE will continue to manage and run their plantations, all harvests from the plantations shall be owned by DekelOil Côte d'Ivoire. The harvest will be used for industrial purposes by DekelOil Côte d'Ivoire and the members of LCPE will receive a share of the net operating profit from such industrial use. Details of the entitlements of the LCPE members (which range between 70 per cent. in 2010 and 60 per cent. in 2017 for new plantations and 90 per cent. in 2010 and 70 per cent. in 2017 for existing plantations) is set out in Annexure C of the agreement.

Objectives of the agreement

The objectives of the parties under the agreement include improving the financial revenue of the members of LCPE, improving the yield of palm tree harvest per hectare by introducing new technologies and innovative growing methods, procuring provision of continuous and regular supplies of FFBs to the Mill and facilitating transportation of palm tree harvests to processing sites designated by DekelOil Côte d'Ivoire.

Conditions Precedent

The obligations of DekelOil Côte d'Ivoire under the agreement are conditional on (i) the members of LCPE holding a land registry certificate in relation to their land/plantations and each of them granting to DekelOil Côte d'Ivoire a 40 year long-term lease over their plantations, (ii) procuring that the members of the LCPE are (with or without other cooperatives) owners of at least 20,000 ha of palm tree plantations in Zone A and (iii) the plantations, roads and/or other factors relating to the project being satisfactory.

As at the date of this Document the vast majority of members of LCPE have not obtained land certificates in respect of their smallholder estates. Based on legal advice received from the Company's Côte d'Ivoire legal counsel, failure to obtain a land certificate is a regular occurrence in Côte d'Ivoire, and will not affect the right of member to enter a binding agreement in relation to their smallholder estate. Accordingly, following discussions with LCPE, DekelOil Côte d'Ivoire resolve to proceed to execute 40-year leases with the relevant members (details of which are set out below).

Obligations of DekelOil Côte d'Ivoire

(a) Financial obligations

Subject to approval of an annual growing plan, which will be drawn up by DekelOil Côte d'Ivoire and submitted to LCPE, DekelOil Côte d'Ivoire will finance the development of the palm tree plantations owned by the members of the LCPE. DekelOil Côte d'Ivoire will, therefore, be responsible for paying suppliers for work done in relation to the plantations. The financing provided by DekelOil Côte d'Ivoire is required to cover 75 per cent. of the investments of a member of LCPE's palm tree plantations (inclusive of costs of labour and of acquisition of the work tools and raw materials); the remaining 25 per cent. of the investments in relation to a member's palm tree plantations will be the responsibility of the relevant member. Details of investments required in relation to a member's palm tree plantations are detailed in Annexure B of the agreement.

DekelOil Côte d'Ivoire has undertaken to open a joint bank account with LCPE so that deposits in relation to LCPE's share of the net operating projects from the plantations can be transferred therein. This bank account will be operated jointly by DekelOil Côte d'Ivoire and LCPE.

(b) Research and development fund obligations

DekelOil Côte d'Ivoire is responsible for creating a research and development fund (the "R&D Fund") for the purposes of reinforcing the technology for growing and improving the quantity and quality of the palm tree harvests relating to the plantations owned by LCPE's members with a view to improving profitability from them. Any sums in relation to the R&D Fund will be transferred on the recommendation of the member(s) of LCPE and will be subject to the written approval of DekelOil Côte d'Ivoire.

(c) Social fund obligations

DekelOil Côte d'Ivoire is responsible for setting up a social fund (the "Social Fund") for each relevant zone in Côte d'Ivoire. The Social Fund shall be managed by DekelOil Côte d'Ivoire and LCPE and shall be an agreed percentage of annual profits of DekelOil Côte d'Ivoire (ranging between €500,000 and €1,000,000).

Disbursements from the Social Fund shall be made to members of LCPE in accordance with the recommendation(s) of LCPE and subject to the prior written approval of DekelOil Côte d'Ivoire.

(d) Obligations relating to palm tree harvests

In the event that DekelOil Côte d'Ivoire processes the palm tree harvests from LCPE's members, distribution of the net proceeds will be in accordance with Annexure C of the agreement (which ranges between 70 per cent. in 2010 and 60 per cent. in 2017 for new plantations and 90 per cent. in 2010 and 70 per cent. in 2017 for existing plantations). However, if DekelOil Côte d'Ivoire is unable to process the palm tree harvests from LCPE's members, the members shall have the right to sell them to third parties. Any operating costs incurred by DekelOil Côte d'Ivoire will, however, be deducted from any monies received from the sale of the palm tree harvests and Annexure C of the agreement will not apply to the sale proceeds.

DekelOil Côte d'Ivoire is required to comply with the price per tonne of palm trees as fixed by the Price Committee of the Inter-Professional Association of the Palm Oil Industry (the "AIPH").

(e) Payment obligations

DekelOil Côte d'Ivoire is required to pay the members of LCPE (i) a fixed fee of FCFA 1,000 per hectare each year in respect of the 40 year lease granted over the plantations (with effect from evidence of land title being provided) and (ii) a share of the net operating proceeds from their respective plantations in accordance with Annexure C of the agreement (which ranges between 70 per cent. in 2010 and 60 per cent. in 2017 for new plantations and 90 per cent. in 2010 and 70 per cent. in 2017 for existing plantations).

Obligations of LCPE

(a) Financing obligations

LCPE is required to open a joint account with DekelOil Côte d'Ivoire in a local bank so that the relevant share of the net operating proceeds from palm tree plantations of a member can be transferred in it. The distributions made to the bank account shall be in accordance with Annexure C of the agreement.

LCPE is also required to open a personal account in a local bank so that DekelOil Côte d'Ivoire can transfer into it finances relating to the development of LCPE members' palm plantations (as set out in the annual operating budget).

(b) Supervision of its members

LCPE is responsible for ensuring that (i) each of its members has a land registry certificate evidencing that it is the owner of the relevant plantation land (the requirement has since been waived following legal advice from Côte d'Ivoire legal counsel and consultation with LCPE), (ii) each of its members uses the raw materials and tools arranged by DekelOil Côte d'Ivoire for the purpose(s) specified, (iii) each of its members has signed a long-term lease 40 year lease relating to their plantation land, (iv) it submits a monthly report on execution of the plantation/growing plan by each of its members (including graphs outlining the quantity and quality of the harvests achieved) and (v) it supervises (on the basis of one supervisor per 350 members) the following obligations are satisfied:

- (i) Execution of the letter of intent (attached to the agreement) by each of its members. Under the terms of the letter of intent, each member declares that he/she is the owner of the relevant palm tree plantation land and that he/she will adhere to the terms of the cooperation agreement signed between DekelOil Côte d'Ivoire and LCPE. Furthermore, under the letter of intent each member has undertaken:
 - to sign a long-term lease of 40 years in relation to his plantation land;
 - to comply with the growing plan set in place by DekelOil Côte d'Ivoire in relation to existing as well as new plantations;
 - to execute all instructions and requirements of DekelOil Côte d'Ivoire's agronomists;
 - to harvest the FFB and route them to the point of collection and the Mill within 48 hours following harvest (in accordance with the schedule drawn up by DekelOil Côte d'Ivoire);

- in the event of any default on the part of the member in relation to running of his plantation and following his substitution by DekelOil Côte d'Ivoire, to receive only 15 per cent. of his/her share of the net operating proceeds (as set out in Annexure C of the agreement); and
- to give all necessary information to LCPE for the purpose of drawing up reports relating to the progress of the plantation/growing plan and, generally, all other information required by LCPE and/or DekelOil Côte d'Ivoire.

If at any time DekelOil Côte d'Ivoire feels that LCPE is not following its instructions correctly, DekelOil Côte d'Ivoire may intervene and pass instructions directly to a member of LCPE.

LCPE has also undertaken to sanction those of its members who default in their obligations by way of issuing written warnings and, in the case of serious breaches, by excluding them from LCPE.

(c) Obligations relating to the palm tree harvests

LCPE has undertaken to comply with the regulations and instructions of DekelOil Côte d'Ivoire and to ensure that its members satisfy the requirements in terms of quantity and quality of their plantations/harvests. Furthermore, LCPE shall apply the reduction in the share of the net operating proceeds of its members in the case of a reduction in the quality of palm tree harvests on their account (in proportion to the drop in the registered price). LCPE is also responsible for coordinating the harvest of the palm trees and organising transportation of the harvested product within the schedule drawn up by DekelOil Côte d'Ivoire.

Assignment

The parties have agreed that DekelOil Côte d'Ivoire may assign all or part of its activities to other parties.

Termination

In the event of a serious breach by DekelOil Côte d'Ivoire or LCPE, the non-breaching party shall issue a notice to the party in breach, requesting that the breach be remedied. In the event that the breach is not remedied within 30 days of having received the said notice, the non-breaching party may refer the matter to arbitration. A serious breach by DekelOil Côte d'Ivoire means a default in its financing obligations, payment of shares of proceeds to members of LCPE or setting up financing of LCPE's activities. A serious breach by LCPE means an event where LCPE used the raw materials and work tool arranged by DekelOil Côte d'Ivoire for a non-specified purpose or if LCPE fails to comply with the instructions of DekelOil Côte d'Ivoire (including requirements in relation to quantity and qualities of produce) or if LCPE does not coordinate and organise the required transportation of the FFB to various Company sites.

In the event of a breach which is not a serious breach, a defaulting party will be given a written notice by the other party requiring that the defaulting party remedy the breach. In the event that the breach remains unremedied for a 15 day period following the said notice, the matter will need to be resolved amicably between them. If the parties are unable to resolve the minor breach within four months following the 15 day period (stated above), the minor breach will be referred to an arbitrator.

Force Majeure

If either DekelOil Côte d'Ivoire or LCPE is prevented, on account of a force majeure, from fulfilling its obligations, it shall issue notice in writing to the other party providing as much detail as possible of the circumstances of the *force majeure*. Following such notice, the obligations of the concerned party shall be suspended for a period (not exceeding one year). If the force majeure event continues past the one year period, DekelOil Côte d'Ivoire will have the right to terminate the agreement.

Intellectual Property

All intellectual property relating to the innovative techniques and methods developed by and used within the framework of the agreement shall be owned by DekelOil Côte d'Ivoire.

Settlement of Disputes and Applicable Law

If the parties are unable to resolve any dispute amicably, the matter shall be referred to arbitration under OHADA law. All decisions of the arbitrator shall be final and binding.

The agreement is governed by the laws of Côte d'Ivoire (including the Uniform Acts within the framework of the OHADA Treaty).

41. Cooperation Agreement between DekelOil Côte d'Ivoire Limited and La Coopérative Cooptosa

DekelOil Côte d'Ivoire has executed a cooperation agreement with La Coopérative Cooptosa for 40 years on materially the same terms as the Cooperation Agreement between DekelOil Côte d'Ivoire Limited and La Coopérative Palm-Ehania (including in particular the financing and profit share arrangements with the members of the cooperative).

42. Cooperation Agreement between DekelOil Côte d'Ivoire Limited and La Coopérative Cooplato

DekelOil Côte d'Ivoire has executed a cooperation agreement with La Coopérative Cooplato (being a cooperative of oil palm farmers in the Toumanguié region of Côte d'Ivoire) for 40 years on materially the same terms as the Cooperation Agreement between DekelOil Côte d'Ivoire Limited and La Coopérative Palm-Ehania (including in particular the financing and profit share arrangements with the members of the cooperative).

43. Smallholder Agreements in relation to the Smallholder Land

Pursuant to the Cooperative Agreements (relating to the 17,000 ha Smallholder Land) DekelOil Côte d'Ivoire has entered into approximately 5000 Smallholder Agreements with local Smallholders in the region of Ayenouan. Pursuant to the agreement the Smallholder agrees to:

- (a) support the cooperation agreement executed between DekelOil Côte d'Ivoire and the relevant Cooperative, particularly regarding the distribution of net income;
- (b) sign a long lease for a period of forty (40) years, renewable at the initiative of DekelOil Côte d'Ivoire to the benefit of DekelOil Côte d'Ivoire;
- (c) abide by the culture plan put in place by DekelOil Côte d'Ivoire for new and existing plantations;
- (d) execute all instructions and requirements of DekelOil Côte d'Ivoire's agronomists;
- (e) harvest the oil palm bunches and forward to the collection place and to the Mill within forty eight (48) hours of the harvest, according to a programme devised by DekelOil Côte d'Ivoire and sent to the Cooperatives;
- (f) receive a net share of the operating income, decreased in case of lower quality crops;
- (g) give all information necessary to the cooperative for reporting of the progress of the culture plan and all information required under the relevant cooperative agreement;
- (h) agree to all sanctions by the Cooperative; and
- (i) generally perform all obligations in good faith.

In the event of death of the signatory, the agreement provides that the obligations pass to the dependents of the original signatory.

44. Conditional Sale Contract between DekelOil Côte d'Ivoire Limited and La Coopérative Coopalen

DekelOil Côte d'Ivoire has executed a conditional sale contract with La Coopérative Coopalen. The contract becomes effective at the start of effective operation of the Mill (marked by the production of 1000 tons per year), and is for a term of 20 years, after which the contract automatically ends and is not renewable. The parties are, however, free to sign a new contract.

DekelOil Côte d'Ivoire's Obligations

Pursuant to the contract, DekelOil Côte d'Ivoire undertakes to purchase the production of the Coopalen cooperative and to take in the oil palm crops within 48 hours of their harvesting. In the event that Coopalen's members are the owners of 5,000 ha of oil palm plantations, either individually or jointly and they agree to grant leasehold rights over their plantations to DekelOil Côte d'Ivoire, DekelOil undertakes to finance the budget of Coopalen in the following amounts:

- (a) 5,000 ha – funding up to an amount of FCFA 40,000,000;
- (b) Above 5,000 ha – funding up to the additional amount of FCFA 500 per ton of FFB.

Coopalen Cooperative's Obligations

Coopalen undertakes to ensure a steady supply of FFB to the Mill by selling the production of its members and coordinating the harvest and transport to the Mill within a maximum of 48 hours of their harvest. Coopalen further undertakes to deliver high quality crops and the contract provides that any decline in quality of the crops shall be taken into account in the calculation of the sale price.

Price

Pursuant to the contract, the price of the FFB is set by the Price Committee of the AIPH, subject to a variation based on the quality of the crop.

Termination

If either party if the other has committed a serious violation which has been notified to the other party and 30 days from receipt of the notice have passed without resolution, either party is entitled to refer the matter to arbitration. The arbitrator shall have a maximum period of 90 days from his appointment to reach a decision on the disagreement. At the expiry of this period the injured party shall be entitled to terminate the contract after divesting the arbitrator, without prejudice to any proceeding for payment of damages.

In the event of minor violations the parties agree to send a notice to the other party, and if not resolved 15 days from receipt of the notice, the parties agree to resolve the matter amicably. If the matter remains unresolved for a period of four months, the matter shall be deemed a serious violation of the agreement and resolved as per the above.

Force Majeure

Neither party shall be liable for delays or non-fulfilment following the occurrence of a force majeure event. A force majeure event shall be deemed to be any event which is beyond the parties control and prevents the total or partial performance of their obligations. The party affected by the force majeure event shall notify the other as soon as practicable describing the details of the event, and the obligations of that party shall be suspended for a period of time not exceeding one year. After the period has elapsed, either party may terminate the agreement. Upon cessation of the force majeure event, the party is obliged to inform the other of such.

Assignment

The contract provides that DekelOil CI shall have the right to transfer the contract, if imposed by economic requirements.

Settlement of Disputes and Applicable Law

If the parties are unable to resolve any dispute amicably, the matter shall be referred to arbitration under OHADA law. All decisions of the arbitrator shall be final and binding.

The agreement is governed by the laws of Côte d'Ivoire.

45. Long lease agreements relating to the Company Estates

DekelOil Côte d'Ivoire has entered into 176 long lease agreements (the "Long Lease Agreements") aggregating a total area of two thousand three hundred and sixty three point three hectares (2363.3 ha),

the area of which comprises the “Company Estate”. The total cultivated area within this aggregates to 1,886 ha.

The Long Lease Agreements were entered into following a committee of village elders issuing a written declaration/protocol confirming that the relevant land owner owns the concerned land. The land owner then signed an “Irrevocable Letter of Commitment” pursuant to which he undertook to cede that parcel of land to DekelOil Côte d’Ivoire for a period of 40 years, renewable by agreement of the parties (the “Long Lease”).

The Long Lease Agreements are made on the following terms:

1. 1,507ha have been concluded under lease agreements pursuant to which DekelOil Côte d’Ivoire retains 67 per cent. of the total net profit generated from the relevant oil palm estate and the balance is paid to the relevant indigenous farmer;
2. 143 ha have been concluded under lease agreements pursuant to which DekelOil Côte d’Ivoire retains 67 per cent. of the total net profit generated from the relevant oil palm estate and the balance is paid to the relevant indigenous farmer. In relation to these agreements, DekelOil Côte d’Ivoire entered into a separate agreement with Solidarité Cooperative under which half of DekelOil Côte d’Ivoire’s 67 per cent. share was apportioned to Solidarité Cooperative;
3. 35 ha have been concluded under lease agreements entered into with individual farmers whereby DekelOil Côte d’Ivoire retains the total profit generated from the relevant oil palm estate and DekelOil Côte d’Ivoire pays the relevant indigenous farmer FCFA 40,000 per ha per year; and
4. 151 ha have been concluded under lease agreements entered into with individual farmers whereby DekelOil Côte d’Ivoire retains 87.5 per cent. of the total profits generated from the relevant oil palm estate and DekelOil Côte d’Ivoire pays the relevant indigenous farmer the remaining 12.5 per cent. plus FCFA 20,000 per ha per year.

DekelOil Côte d’Ivoire has further entered into arrangements with the landowners for creation, maintenance, and sharing of harvest of Palm Oil estates pursuant to which the land owners and DekelOil Côte d’Ivoire have agreed to develop the Company Estate solely for the cultivation of oil palm (the “Plantation”). In all cases the ownership of the land remains with the land owner though DekelOil Côte d’Ivoire has been granted a 40 year lease over the land.

Land Owners Rights & Obligations

Pursuant to the arrangement between the parties the land owner has the following rights:

- (a) to monitor and control the work of creating and maintaining the Plantation;
- (b) to obtain information from DekelOil Côte d’Ivoire on all plants to be planted; and
- (c) to obtain any information relating to the maintenance of the Plantation, especially those relating to plants destroyed or poor growth from DekelOil Côte d’Ivoire.

Furthermore the land owner is obliged to:

- (a) to provide DekelOil Côte d’Ivoire with the land which is subject of the lease and to allow free access to it;
- (b) to ensure DekelOil Côte d’Ivoire has quiet enjoyment of the land for creation and maintenance of the Plantation; and
- (c) not to prevent the sharing of the FFB from the Plantation.

DekelOil Côte d’Ivoire’s Rights & Obligations

Pursuant to the agreements DekelOil Côte d’Ivoire has the following rights:

- (a) to access any point on the land which is subject of the lease for creation and maintenance of the Plantation;
- (b) to perform all necessary actions for the creation and maintenance of the Plantation;
- (c) to use all the technical, technological and human resources for the creation and maintenance of the Plantation;

- (d) to use chemicals for improving the quality of the land which is subject to the lease without deteriorating the quality of the land;
- (e) to provide the facilities to perform all necessary work for the creation of the Plantation; and
- (f) to cultivate, maintain and plant the harvest crops.

Furthermore DekelOil Côte d'Ivoire is obliged to:

- (a) to take the land which is subject to the lease in the state it is now, without any recourse against the landowner for any reason;
- (b) to perform all work necessary for the creation and maintenance of the Plantation in accordance with Côte d'Ivoire laws and regulations, the provisions of the agreement and the agricultural rules;
- (c) to start the planting of oil palm from the date of the agreement;
- (d) to maintain the Plantation throughout the duration of the Production Sharing Agreement;
- (e) to take all necessary measures to ensure the proper functioning of all facilities and equipment used in the creation and maintenance of the Plantation;
- (f) to inform the Land Owner of the number of trees planted and the use of any chemicals; and
- (g) not to subcontract its services without the consent of the Land Owner.

Price

The price payable remains fixed for the length of the agreement, however in the event of dispute the agreement provides for settlement of disputes (as described below). If this is unsuccessful, the matter is referred to a tribunal who will fix the price.

Settlement of Disputes

Pursuant to the Production Sharing Agreement, any dispute is not to be brought before a competent court until the dispute resolution mechanism has been followed.

The contract is subject to Ivorian law, including OHADA law.

46. Cooperation agreement between DekelOil Côte d'Ivoire and La Cooperative Solidarité

On 7 June 2010 DekelOil Côte d'Ivoire entered into a cooperative agreement with La Cooperative Solidarité ("Solidarité") for the supply and development of land for oil palm estates. The agreement is for a period of 40 years, renewable by agreement between the parties subject to the creation of an addendum to the contract.

Effectiveness of the Contract

The contract becomes effective on signature, however DekelOil Côte d'Ivoire is not obligated to perform its services under the agreement until the following conditions precedent ("Conditions Precedent") have been met:

- (a) Solidarité has presented all legal documents (legalised family record, legalised certificate of ownership given by the Chief of the Village, contract between the Cooperative and the Landowners) related to the contract with the Cooperative and Land Owners concerned;
- (b) Solidarité presents a Land Tenure Certificate and a long lease for 50 years, renewable at the initiative of DekelOil Côte d'Ivoire, to be issued no later than two years after work starts; and
- (c) DekelOil has confirmed the lands, the roads and or any other factors related to the project must be deemed satisfactory.

Objectives of the Contract

DekelOil Côte d'Ivoire and Solidarité agreed the following objectives:

- to improve the financial income of the Solidarité members;

- to improve the yield of the oil palm crops per hectare by the introduction new technologies and innovative farming methods;
- to ensure a continuous and steady supply of FFB to the Mill;
- to ensure the transportation of FFB to the processing sites designated by DekelOil Côte d'Ivoire; and
- to pursue such objectives as are profitable for the parties.

DekelOil Côte d'Ivoire's Obligations

Pursuant to the contract, DekelOil Côte d'Ivoire is obligated to:

- create industrial oil palm estates with Solidarité;
- complete all steps post land preparation, including the planting and cultivation of the oil palm;
- use high quality plants for creating the estates;
- maintain the plantations;
- share with Solidarité all necessary technologies and expertise for the proper functioning of their joint activities;
- ensure the exploitation and marketing of the harvests;
- form a representative committee chaired by DekelOil Côte d'Ivoire;
- form a committee made up by members of DekelOil Côte d'Ivoire and Solidarité, responsible for the management and follow-up of the activities; and
- open a private account for Solidarité to receive the operational funding as provided for in the contract.

Furthermore, upon the satisfaction of the Conditions Precedent above DekelOil Côte d'Ivoire is obligated to:

- finance all investments related to the development of the oil palm estates after approval of the annual cultivation plan which must be prepared and communicated to the Cooperative in writing;
- make direct payments to suppliers where applicable; and
- open a joint account with Solidarité at a bank of its choice which shall receive the share of the operating profit attributable to Solidarité's members (as stipulated in article 8 of the contract). Any transactions on the account are to be subject to the joint signature of each of the parties.

DekelOil Côte d'Ivoire may, however, transfer some of the works to Solidarité, in which case the provisions of Appendix 1 apply regarding the costs.

Solidarité's Rights

Should DekelOil be unable to complete the processing of the FFB, then the parties shall be entitled to sell them, subject to the operational costs funded by DekelOil Côte d'Ivoire being deducted from the sale proceeds in accordance with article 8 of the contract. Should DekelOil undertake the processing of the FFB, the provisions of article 8 shall apply, and DekelOil shall be entitled to the share of the net profit accordingly.

In any event DekelOil is obliged to pay the price set by the AIPH, and in the absence of such a price, in accordance with the world market price.

Solidarité's Obligations

Pursuant to the agreement, Solidarité is obliged to:

- look for free lands for the creation of new industrial oil palm plantations, undertaking to prepare and provide 2,500 ha of land in the three years following the signature of the contract;
- submit the lands to DekelOil Côte d'Ivoire for approval;
- ensure the title to the land and all contracts relating to it are valid and enforceable;

- settle any disputes that may arise with the landowners, local residents or villagers in the development of plots;
- finance and perform all the operations relating to land clearing and preparation of the soil; and
- provide to DekelOil Côte d'Ivoire the lands for exclusive production and sale of FFB.

Furthermore, Solidarité shall, jointly with DekelOil Côte d'Ivoire, establish a Research and Development Fund with the intention of boosting palm growing technology and improve the quantity and quality of oil palm crops, the financial resources of which are to be discussed on the representative committee.

Profit Share

Pursuant to article 8 of the agreement, DekelOil shall be entitled to one third of the net profit if where Solidarité provides the land (the remaining two thirds being shared by Solidarité and the landowner equally). Should Solidarité fail to provide the 2,500 ha in the three years following the signature of the contract, DekelOil is entitled to 40 per cent. of the net profit, resulting in a reduced 27 per cent. share for Solidarité. The landowners' share remains the same.

Assignment

DekelOil Côte d'Ivoire may assign its rights under the contract.

Termination

In the event of a serious breach of the agreement by either DekelOil Côte d'Ivoire or Solidarité, which remains unresolved for a period of 30 days following notice to the other party, the injured party shall be entitled to submit the matter to arbitration. Minor breaches of the contract which are notified to the other party and remain unresolved for 4 months and 15 days, shall become a major breach.

Intellectual Property

Solidarité acknowledges that the intellectual property of DekelOil Côte d'Ivoire remains such, however that Solidarité shall be entitled to continue using any such innovative techniques after the expiration of the contract.

Applicable Law

The contract is under the exclusive jurisdiction of Côte d'Ivoire law.

47. Memorandum of Agreement between IVAD Company and DekelOil Côte d'Ivoire for the transfer of right of use ("Guity Land Agreement")

On 29 April 2011, DekelOil Côte d'Ivoire entered into an agreement with Ivoire Agro Development ("IVAD") to lease 24,000 ha of rural land for a period of 50 years.

Under an agreement signed in 2011 between IVAD and the Olaye and Allale families ("Families"), IVAD was to find an investor to develop the land in consideration for land 2,000 ha of land. Accordingly IVAD was granted the right to offer use of the land to third parties by the Families.

Under the Guity Land Agreement, DekelOil Côte d'Ivoire acquired the right to use the land for consideration of five hundred million FCFA (approximately €750,000), paid in the following manner:

1. Two hundred million FCFA (approximately €300,000) on the grant of land certificates for 24,000 ha of land suitable for cultivation of Palm (which are free from any occupation)
2. The balance (three hundred million FCFA) (approximately €450,000) in the following stages:
 - (a) Ten million FCFA (approximately €15,000) on signature of the MOA;
 - (b) Forty million FCFA (approximately €60,000) ten days after the date of signature of the MOA;
 - (c) Two hundred and fifty million FCFA (approximately €375,000) before 1 September 2011.

The signature of the Guitry Land Agreement was conditional on the issuance of a report by DekelOil Côte d'Ivoire's agronomist that a minimum of 12,000 ha of arable land is vacant and available to be exploited immediately.

Under the Guitry Land Agreement IVAD undertakes to pay for compensation to any possible occupants of 12,000 ha, whilst DekelOil CI will pay compensation costs to any occupants of the remaining 12,000 ha up to a maximum of five hundred million FCFA (approximately €750,000). IVAD also undertakes to obtain the individual land certificate and the land title for the Families, pay compensation costs of and current occupants and the cost of time in default, to provide to DekelOil Côte d'Ivoire the evidence of settlement of such fees and to undertake all appropriate measures to secure the project.

The Guitry Land Agreement will be effective from signature and shall terminate on the following events:

- non-payment of the balance of the price within the agreed timeframe;
- unable to obtain land titles relating to the plot of rural land; or
- unable to run the project due to insecurity.

If the Guitry Land Agreement is terminated IVAD is required to return all sums paid to them without interest, and if IVAD fails, DekelOil Côte d'Ivoire reserves the right to negotiate directly with the landowners. DekelOil Côte d'Ivoire is liable for all the costs, rights and fees in relation to the agreement, and any consequences from them. The competent jurisdiction for any disputes is the Court of First Instance in Abidjan, Côte d'Ivoire.

48. Memorandum of Agreement between IVAD Company and DekelOil Côte d'Ivoire for the transfer of right of use of 2,000 ha of the Guitry Land (the "2,000 ha IVAD Agreement")

IVAD and DekelOil Côte d'Ivoire entered into an agreement under the terms of which IVAD granted its entitlement to profits and use of the 2,000 ha land (out of the Guitry Land) to IVAD. The consideration for grant of this entitlement was agreed as five hundred million FCFA (approximately €750,000), paid in the following manner:

Two hundred million FCFA (approximately €300,000) on the grant of land certificates for 24,000 ha of land suitable for cultivation of Palm (which are free from any occupation). The balance (three hundred million FCFA) (approximately €450,000) in the following stages:

- a. Ten million FCFA (approximately €15,000) on signature of the Memorandum;
- b. Forty million FCFA (approximately €60,000) ten days after the date of signature of the Memorandum;
- c. Two hundred and fifty million FCFA (approximately €375,000) before 1 September 2011.

The signature of the memorandum was conditional on the issuance of a report by DekelOil Côte d'Ivoire's agronomist that a minimum of 12,000 ha of arable land is vacant and available to be exploited immediately

Under the Memorandum IVAD undertakes to pay for compensation to any possible occupants of 12,000 ha, whilst DekelOil Côte d'Ivoire will pay compensation costs to any occupants of the remaining 12,000 ha up to a maximum of five hundred million FCFA (approximately €750,000). IVAD also undertakes to obtain the individual land certificate and the land title for the Families, pay compensation costs of and current occupants and the cost of time in default, to provide to DekelOil Côte d'Ivoire the evidence of settlement of such fees and to undertake all appropriate measures to secure the Project.

The Memorandum will be effective from signature and shall terminate on the following events:

- non-payment of the balance of the price within the agreed timeframe;
- unable to obtain land titles relating to the plot of rural land; or
- unable to run the project due to insecurity.

If the Memorandum is terminated IVAD is required to return all sums paid to them without interest, and if IVAD fails, DekelOil Côte d'Ivoire reserves the right to negotiate directly with the landowners. DekelOil Côte d'Ivoire is liable for all the costs, rights and fees in relation to the agreement, and any consequences from them. The competent jurisdiction for any disputes is the Court of First Instance in Abidjan, Côte d'Ivoire.

Amendment of the Memorandum of Agreement between IVAD and DekelOil Côte d'Ivoire for the transfer of right of use ("Amendment")

DekelOil Côte D'Ivoire entered into the undated Amendment with IVAD which modified the payment terms under the Memorandum. It was agreed that the second stage of payments would be made as following:

The balance (three hundred million FCFA) (approximately €450,000) in the following stages:

- a. Ten million FCFA (approximately €15,000) on signature of the Memorandum;
- b. Twenty million FCFA ten days after the date of signature of the Memorandum (approximately €30,000);
- c. Two hundred and seventy million FCFA (€405,000) within 10 days from the date of the signature of the collective agreement and effective execution of work by DekelOil Côte d'Ivoire on the parcels.

At the date of this Opinion the payments at a. and b. (€ 45,000) above have been paid by DekelOil Côte D'Ivoire to IVAD.

All payments of the balance are not due until IVAD produces a document noting the agreement of occupiers of 12,000 ha not to claim a third of the trading income of the plantation and until DekelOil Côte d'Ivoire commences its operation on the said land without any interference from third parties. Such agreement does not preclude any compensation due to them.

PART VI

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors whose names and functions appear on page 4 of this Document, accept responsibility, individually and collectively, for compliance with the AIM Rules, and for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document, for which they are responsible, is in accordance with the facts and does not omit anything likely to affect the importance of such information.

2. The Company

- 2.1 The Company is registered in Cyprus, having been incorporated on 24 October 2007 under the Cyprus Companies Law with registered number HE 210981.
- 2.2 On 28 January 2008, the Company changed its name from BC Overseas Advisory Limited, being the name upon incorporation, to DekelOil Ltd, and a related amendment to the Memorandum of Association and the Articles was registered in Cyprus.
- 2.3 On 9 January 2013, the Company was re-registered in Cyprus as a public limited company. Following the re-registration, the Company changed its name from DekelOil Limited to DekelOil Public Limited (its current name), and new Articles (the current Articles) were adopted by the Company and registered in Cyprus.
- 2.4 The Company is domiciled in Cyprus and the liability of the members is limited.
- 2.5 The principal legislation under which the Company operates and under which the Ordinary Shares are created, issued and allotted is the Cyprus Companies Law.
- 2.6 The head office and registered office of the Company is 38 Agias Fylaxeos, Nicolas Court, Office 101, 3025 Limassol, PO Box 53277, Limassol, Cyprus. Details of the Company's premises are set out below:

<i>Company</i>	<i>Country</i>	<i>Property</i>	<i>Annual Rent (€)</i>	<i>Termination date</i>	<i>Notes</i>
DekelOil Cote d'Ivoire	Cote d'Ivoire	Office and parking spaces in Abidjan Cocody les Deux Plateaux	60,000	None. The agreement can be terminated with a notice of 180 days.	The agreement is part of a service agreement with Starten Ltd., details of which are set out at paragraph 8.4 of Part VI of this Document. According to the Company's management, the rental expenses for these properties is approximately €5,000.
DekelOil Cote d'Ivoire	Cote d'Ivoire	Office and parking spaces in Abidjan Cocody les Deux Plateaux	23,000	31/08/2014	None
DekelOil Consulting	Israel	Office and parking spaces in Hanadiv 71 St., Herzlia	33,600	Automatic renewal with no termination date. Can be terminated with 30 days notice.	The agreement has been entered into with ARA Engineering and Construction Works Limited, further details of which are set out at paragraph 8.6 of Part VI of this Document.
CS DekelOil Siva Ltd	Cyprus	The Company's registered office	300	Automatic renewal with no termination date.	Administration charges of €1,200 per year are payable to the Company Secretary.

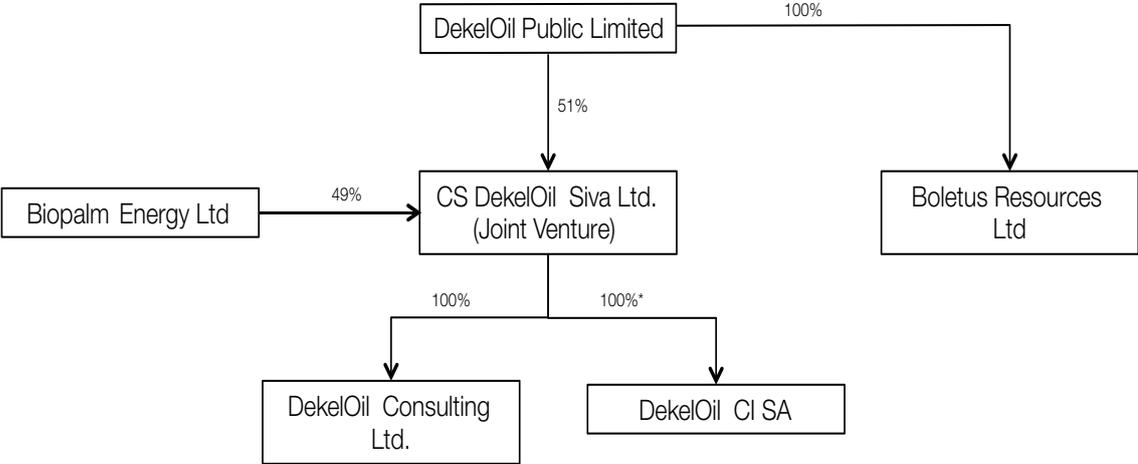
- 2.7 The ISIN (International Security Identification Number) of the Company is CY0103462210. The Company's SEDOL is B912QY3.
- 2.8 The website address of the Company is www.dekeloil.com.
- 2.9 The current Memorandum was adopted by the Company on 24 October 2007. The current Articles were adopted on 31 January 2013.
- 2.10 Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) were the auditors to the Company for each of the three years ended 31 December 2011.

The Enlarged Group

2.11 Subject to completion of the Acquisition and the Placing, on Admission the Company will have two directly owned subsidiaries, Boletus and CSDS. CSDS will have two wholly owned subsidiaries, DekelOil Côte d'Ivoire and DekelOil Consulting Limited. Information on these entities is presented below:

Name	Date and place of incorporation	Authorised Shares	Issued Shares	% shares beneficially held by the Company
Boletus Resources Limited	BVI	n/a	100,000,000	100%
CS DekelOil Siva Ltd	7 November 2008, Cyprus	3,000	2,000	51%
DekelOil Consulting Limited	22 January 2008, Israel	10,000	100	51%
DekelOil Côte D'Ivoire	10 March 2008, Côte d'Ivoire	200,000	200,000	51%

2.12 A structure chart for the Enlarged Group is set out below:



*CS DekelOil Siva Ltd. Holds 99.85% of DekeOil CI SA and the rest are held by DekelOil Ltd., Biopalm Energy Ltd., and Mrs. Eholie Yannick Amon (in equal share)

- 2.13 CSDS holds 100 per cent. of DekelOil Consulting Ltd ("DekelOil Consulting"), which provides financial, management and administrative services to the Group.
- 2.14 Save as disclosed in paragraph 2.11 of this Part VI, there are no undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses, and save as disclosed in this Document there are no rights outstanding for parties to acquire shares or any other interest in the subsidiaries set out at paragraph 2.11 of this Part VI.

3. Share Capital

- 3.1 On incorporation, the Company had an authorised share capital limit of €1,000 divided into a maximum of 1,000 ordinary shares of €1.00 each issued to L. Holdings Limited as subscriber.
- 3.2 On 26 November 2007, each ordinary share was sub-divided from €1.00 each to €0.01 resulting in the shares in issue increasing to 100,000.
- 3.3 On 5 December 2007 the 100,000 ordinary shares held by L. Holdings Limited were transferred to the following individuals in the proportions set out against their names:

<i>Name</i>	<i>Number of Shares</i>
Youval Rasin	75,000 ordinary shares of €0.01 each
Elad Zohar	6,250 ordinary shares of €0.01 each
Shamir Nitzan	6,250 ordinary shares of €0.01 each
Mizrahi Yhuda	6,250 ordinary shares of €0.01 each
Oren Goldstein	6,250 ordinary shares of €0.01 each

- 3.4 On 19 December 2007, the authorised share capital limit of the Company was increased to €10,000 divided into 1,000,000 ordinary shares of €0.01 each.
- 3.5 On 27 November 2008, the Company issued and allotted a further 11,112 ordinary shares pursuant to private subscription agreements at a price of €0.01 per ordinary share raising a total of €111.12.
- 3.6 On 4 April 2012, the Company issued and allotted a further 111,238 Ordinary Shares pursuant to private subscription agreements at a price of €0.01 per Ordinary Share raising a total of €1,112.38.
- 3.7 On 5 November 2012, the Company issued and allotted a further 64,142 ordinary shares pursuant to an exercise of options granted under the Company's Israeli share option scheme at a price of €0.01 per Ordinary Share raising a total of €641.42. There remain no further unexercised options under the above share scheme.
- 3.8 On 5 November 2012, the Company granted options to Eyal Timmor and Moshe Yetiv to subscribe for 4,400 ordinary shares and 2,900 ordinary shares in the Company, respectively. The options over 500 ordinary shares immediately vested on their grant to each of Mr Timmor and Mr Yetiv and were exercised by them. Following the allotment of further ordinary shares pro-rata as described at paragraph 3.10 below and the subdivision of ordinary shares described at paragraph 3.11 below, further options were granted pro rata to their existing holdings. In view of this, as at Admission, a total of 16,680,930 options remain outstanding; 10,326,290 in favour of Mr Timmor and 6,354,640 in favour of Mr Yetiv. The options are exercisable on their vesting dates **and at par value** by the optionholders.
- 3.9 On 5 December 2012, the authorised share capital limit of the Company was increased to €25,630 divided into 2,563,000 shares of €0.01 each.
- 3.10 On 5 December 2012, the Company issued and allotted a further 2,275,508 ordinary shares pursuant to private subscription agreements at a price of €0.01 per Ordinary Share raising a total of €22,755.08.
- 3.11 On 3 February 2013, the authorised share capital limit of the Company was increased to €70,000 divided into 7,000,000 shares of €0.01 each, following which the par value of each Ordinary Share was sub-divided from €0.01 each to €0.00003367 each and a further 807,488,812 shares were issued to the existing shareholders pro-rata to their shareholding in the Company.
- 3.12 On 3 February 2013, the Company issued and allotted to Yossi Inbar 28,005,643 Ordinary Shares of €0.00003367 and 20,999,406 Ordinary Shares of €0.00003367 each to Erez Tirosh in consideration for the cancellation of certain indebtedness owed by the Company in part arising under the Subordinated Loan Notes 2009 to each of Mr Inbar and Mr Tirosh.
- 3.13 On 17 February 2013, the Directors were granted authority by the Shareholders to issue and allot shares in the Company of up to 240,000,000 Ordinary Shares at a price no less than €0.00003367

per Ordinary Share and up to 400,000,000 Ordinary Shares at a price no less than €0.01 per Ordinary Share, subject to Admission, as if section 60B of the Cyprus Companies Law (shareholder pre-emption rights) did not apply.

- 3.14 On 20 February 2013, the Company issued and allotted 42,642,947 Ordinary Shares to certain existing shareholders in consideration for the cancellation of part of the Subordinated Loan Notes 2009, the Subordinated Loan Notes 2010 and part of the Subordinated Loan Notes 2008.
- 3.15 On 20 February 2013, the Company issued and allotted 162,855,338 Ordinary Shares pursuant to a private subscription at a price of €0.00003367 raising a total of €5,483.34.
- 3.16 On 20 February 2013, the Company constituted a warrant instrument of up to 33,317,674 warrants to subscribe for up to 33,317,674 Ordinary Shares. Each warrant shall entitle the holder to subscribe for one Ordinary Share. The exercise price per warrant is the Placing Price and it can be exercised in whole or in part and from the date of the grant until 20 February 2018. The Company then issued warrants as set out below:

<i>Name</i>	<i>Warrants</i>
Youval Rasin	23,169,216
Hanan Rasin	1,531,241
Itzhak Rasin	535,404
Starten Limited	8,081,813
Total	<u>33,317,674</u>

- 3.17 Subject to Admission, the Company has agreed to issue to the Serena Trust (a trust of which Lincoln Moore is a beneficiary) 13,675,000 Ordinary Shares pursuant to the LM Consulting Agreement and Ordinary Shares to St Brides Media to the aggregate value of £7,500 at the Placing Price.
- 3.18 The table below sets out the authorised and issued ordinary share capital (all of which is fully paid up) of the Company immediately prior to Admission:

	Authorised		Issued	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
Ordinary Shares	1,796,851,797	€60,500	1,015,715,097	€34,199.13

- 3.19 Immediately prior to Admission, the Company has, on a fully diluted basis, up to 1,065,713,701 Ordinary Shares issued including Ordinary Shares under option or warrants (details of which are set out at paragraphs 3.8 and 3.16 of Part VI of this Document).

- 3.20 On Admission and subject to completion of the Acquisition and the Placing, the authorised and issued ordinary share capital (all of which is fully paid up) of the Company will be as follows:

	Authorised		Issued	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
Ordinary Shares	1,796,851,797	€60,500	1,300,140,097	43,775.72

- 3.21 On Admission and subject to completion of the Acquisition and the Placing, the Company will, on a fully diluted basis, have up to 1,360,838,701 Ordinary Shares in issue including Ordinary Shares under option or warrants (details of which are set out at paragraphs 3.8 and 3.16 of Part VI of this Document).

- 3.22 In addition to the above, the Company has the ability to issue up to 282,150,282 class A shares of €0.00003367 each. However, the Company does not intend to issue any such shares.

- 3.23 No securities of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

- 3.24 Save as disclosed in paragraphs 3.1 to 3.16 of this Part VI (and save in relation to the proposed issue of the Consideration Shares and the Placing Shares pursuant to the Acquisition and the Placing):
- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
 - (b) there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
 - (c) there are no shares in the Company not representing capital;
 - (d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;
 - (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or an undertaking to increase the share capital of the Company;
 - (f) no person has any preferential subscription rights for any share capital of the Company; and
 - (g) no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.
- 3.25 The CREST Regulations do not provide for the direct holding and settlement of foreign securities in CREST and the Company has therefore appointed Computershare Investor Services PLC as the Depository whereby they will constitute and issue Depository Interests in respect of the Company's securities. The Ordinary Shares will be held by the Custodian and the Depository shall pass on and ensure that the Custodian forwards on to the holders of Depository Interests all rights and entitlements which it or the Custodian receives in or in respect of the Ordinary Shares evidenced by the Depository Interests. Further details on the depository arrangements of the Company are contained in paragraph 9 of this Part VI.

4. Summary of Cyprus Company Law (including Taxation) and of the Memorandum and Articles

The Company is incorporated in Cyprus as a limited liability company and has been converted into a public company and changed its name on 9 January 2013, pursuant to the provisions of the Cyprus Companies Law, Cap.113, as amended (the "Cyprus Companies Law"), and therefore is subject to Cyprus law, and the Company's memorandum and articles of association. Certain provisions of the Cyprus Companies Law and the memorandum and articles are summarised below.

The following is not intended to provide a comprehensive review of the applicable law, or of all provisions which differ from equivalent provisions in jurisdictions, with which interested parties may be more familiar. Nothing herein should be regarded as legal advice or opinion. This summary is based upon the law and the interpretation of the law applicable as at the date of this document and is subject to change.

Summary of Cyprus Company Law

Share Capital

Under the provisions of the Articles and under the Cyprus Companies Law, unissued shares in the capital of the Company are under the control of the directors. Subject to the provisions of the Company's memorandum and articles of association ("M&A"), the shares can be issued with such preferred, deferred or special rights or restrictions, whether in respect of rights to dividends, voting, return of capital or otherwise.

Any share in the capital of the Company must be issued at a price at least equal to the nominal value. If shares are issued at an amount above the par value, the difference between par value and the consideration paid must be posted to the share premium account. The Cyprus Companies Law regulates the use to which the share premium can be applied.

Under the Articles, there are provisions for the forfeiture of shares following failure to pay upon proper notice from the directors.

Subject to the provisions of the M&A, a company may amend its M&A in order to increase or reduce its authorized capital or to alter its share capital structure to divide or sub-hide the shares or change the denomination of the shares.

Financial Assistance

Section 53(1) of the Cyprus Companies Law prohibits a company from giving, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for shares in the Company or where the company is a subsidiary, in its holding company. Subject to certain exceptions, the prohibition of financial assistance is absolute.

Purchase of Own Share

A Cyprus company can, in accordance with the Cyprus Companies Law and its M&A, purchase its own shares. The purchase by a company of its own shares is subject to:

- (a) a special resolution authorizing the directors to buy back the shares within a period of twelve (12) months of the authorization. The resolution must set out the terms and manner of implementing the purchase of own shares, in particular: (i) the maximum number of shares that may be acquired, (ii) the duration of the period of authorization (not being more than two (2) years); and (iii) the maximum and minimum consideration (where the company is a public company whose shares are dealt on a stock exchange, the consideration cannot exceed 5 per cent. of the average stock exchange price for the latest five (5) trading days prior to carrying out the purchase of own shares.
- (b) the total nominal value of the shares being purchased shall not exceed 10 per cent. of the subscribed capital or 25 per cent. of nominal value of transactions, in respect of a quoted company, negotiated during the last 30 (thirty) days (whichever is the lowest).
- (c) the consideration for the purchase of the shares shall be paid out of realized and undistributed profits.
- (d) the shares which will be the subject of the purchase shall be fully paid shares.
- (e) the decision of the general meeting shall be published at least ten (10) days prior to the commencement of the purchase.
- (f) the transaction is notified to the Registrar of Companies within fourteen (14) days.

A subsidiary company is prohibited from owning shares in its parent company.

Dividends and Distribution

Dividends can be declared and paid by the directors as interim dividends provided a company has profits or the directors reasonably expect the company to have profits equal to the dividend.

The shareholders of a Cyprus company, following a recommendation, may declare and pay a dividend as a final dividend. Dividends can only be paid out of profits available for distribution.

Protection of Minorities

The well established general principle of the Cyprus Companies Law is that the "majority rule". The law and the courts considered that any wrongs done to a company whether by insiders or outsiders were a matter for the company, rather than any individual shareholder to initiate an action to remedy the wrong. The Cyprus courts are not, in general, in favour of interfering with the internal management of a company. On that basis, the principle of majority rule applies, however there are exceptions where a minority shareholder will have locus standi to pursue an action, in the name of the company, to remedy a wrong done to the company.

In addition, a minority shareholder has an alternate remedy under section 202 of the Cyprus Companies Law, in circumstances where the affairs of the companies are being carried on in an oppressive manner. A shareholder(s) holding not less than ten (10) per cent. of the issued capital of a company may apply to the Council of Ministers to request the appointment of an inspector to investigate the affairs of the company, who shall report in such manner as the Council of Ministers may direct. An investigator so appointed has

wide powers in the conduct of the investigation and all officers of the company are under a duty to produce all books and documents in their custody or power and to give the inspector all assistance they are reasonably able to give in connection with the investigation. Under section 211 any member may petition the court to have a company wound up on the ground that it is just and equitable to wind up the company. This ground is usually pleaded by the shareholder in the alternative to the remedy under section 202 mentioned above.

Management

Subject to the provisions of the Memorandum and Articles a Cyprus company is managed by its board of directors who have the authority to act on behalf of and bind the company.

The directors owe fiduciary duties to act in the best interests of and for the benefit of the company and not to put themselves in a position of a conflict of interest. Directors must also exercise reasonable care and skill in the exercise of their powers and duties.

Accounting and Audit Requirements

The directors are under a statutory duty to maintain the books and records of a Cyprus company and further are required to keep proper books of account. The books of account must give a true and fair view of the state of the company's affairs.

The directors of a Cyprus company also have a statutory obligation to lay before the general meeting of the shareholders, financial accounts, the director report and the auditor report. The audited accounts of a Cyprus company are filed with the Cyprus Companies Registry.

Exchange Control

There are no exchange control restrictions in Cyprus.

Stamp Duty

Stamp Duty is paid in Cyprus in respect of documents entered into in respect of assets located in Cyprus or in respect of matters or things to be done or performed in Cyprus, irrespective of where they were signed. The Stamp Duty Law lists the various documents (and transactions) covered.

Loans and Transactions with Directors

The Cyprus Companies Law prohibits the making of loans to directors or a director of its holding company or to enter into any guarantee or provide any security in connection with a loan made to such a person as aforesaid by any other person. A director may enter into a transaction with the Company of which he is a director provided that full disclosure of such transaction is given to the Board and such transaction is approved by them.

Inspection of Corporate Records

A shareholder has a number of information rights under the Cyprus Companies Law, in particular:

- Inspection of minute books and to take a copy: s.140;
- Right to receive accounts of the company: s.152;
- Inspection of register of members and to take a copy thereof: s.108.

In addition, all public records of the company kept at the office of the Registrar of Companies are easily available for inspection, and relate to such information as the directors, the shareholders, the authorized and issued share capital, registered address, charges and encumbrances and M&A.

Winding Up

Under the Cyprus Companies Law, a company can be wound up voluntarily or compulsorily. A voluntary winding up can either be a members voluntary winding up which requires that the company is solvent and able to pay all of its creditors or a creditors winding up where the company is insolvent and the directors cannot sign the statutory declaration of solvency.

Any member, contributory or creditor may petition the court of an order that the company be wound up compulsorily under the supervision of the court. The most common grounds for such applications are:

- Inability to pay debts as they fall due; and
- Just and equitable grounds.

Cyprus does not have any modern insolvency laws and rules and those in force are similar to those existing in the UK under the Companies Act, 1948.

Memorandum and Articles of Association

Memorandum of Association

The Memorandum contains, *inter alia*, provisions relating to the capacity and powers of the Company. Subject to the Cyprus Companies Law and any other Cyprus legislation, the Company has, irrespective of corporate benefit: (i) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (ii) for the purposes of (i) full rights, powers and privileges.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each Share of which he is the holder.

Variation of rights

Without prejudice to any special rights previously conferred on the holders of any Ordinary Shares, Ordinary Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

Subject to the provisions of section 57 of the Cyprus Companies Law, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

If at any time the Company's share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class. To every separate general meeting the provisions of the Articles relating to general meeting shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy two-thirds of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Transfer of shares

The Directors may, in their absolute discretion, refuse to register any transfers of Ordinary Shares which are not fully paid provided that such discretion may not be exercised in such a way as to prevent dealings in the Ordinary Shares of a class from taking place on an open and proper basis. The Directors may also decline to register the transfer of any Ordinary Shares in respect of which the Company has a lien. The Directors shall not exercise such discretion if to do so would cause a contravention of any applicable CREST rule or regulation, (including, for the avoidance of doubt, the UK Uncertificated Securities Regulations 2001).

Dividends

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall be paid otherwise than out of profits.

Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this regulation as paid on the Share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up Shares, warrants, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

No dividend shall bear interest against the Company.

Return of capital

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Cyprus Companies Law, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

Pre-emption rights

Pursuant to the Articles and the Cyprus Companies Law, subject to any direction to the contrary that may be given by the resolution of the shareholders, all unissued shares of the Company (whether unissued shares within the limit of the already authorised share capital or new shares in consequence of the increase of the authorised share capital) shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notice from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares held by them.

General meetings

The Company shall hold a general meeting each year as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 126 of the Cyprus Companies Law. A meeting convened under section 126 of the Law by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one clear days' notice in writing at the least, and a meeting of the Company other than an annual

general meeting or a meeting for the passing of a special resolution shall be called by fourteen clear days' notice in writing at least or by shorter notice in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat, or in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the Shares giving that right.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two members present in person or by proxy shall be a quorum. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman; or by at least three members present in person or by proxy; or by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or by a member or members holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

In case of a decision to be taken by the shareholders in relation to the change of the amount or the classes of the share capital or to the rights attached to any class of shares whereby the provisions of section 59A of the Law apply. In this case the following rules shall apply:

- (a) when the share capital of the company is divided into different classes of shares, separate voting takes place for each class of shares, the rights of which are affected by the change;
- (b) the decision shall be taken by a majority of two thirds of the votes corresponding either to the represented securities or to the represented issued share capital. When at least half of the issued share capital is represented, a simple majority shall be sufficient.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Directors

The business of the Company shall be managed by the Directors, and may exercise all such powers of the Company as are not, by the Cyprus Companies Law or by the Articles, required to be exercised by the Company in general meeting. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney of the Company for such purposes and with such power, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with section 191 of the Cyprus Companies Law.

Pursuant to Regulation 85(1) of the articles, a Director shall be entitled to vote in respect of any contract or arrangement in which he is interested, and his vote shall be counted in the quorum present at the meeting. It is the duty of a director to give notice to the company of such matters relating to himself for the purposes of sections 187 – 189 inclusive, except as so far it relates to loans made, by the company, or by any other person under a guarantee from or on a security provided by the company to an officer thereof.

Any Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Disclosure and Transparency Rules

Every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as a "UK-issuer". Under the Disclosure and Transparency Rules, a Shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which he or she holds (directly or indirectly) reaches, exceeds or falls below three per cent., four per cent., five per cent., six per cent., seven per cent., eight per cent., nine per cent., ten per cent. and each one per cent. threshold thereafter up to 100 per cent. The notification must be made within four trading days of the Shareholder becoming aware of the acquisition or disposal, or learning of any other reason, leading to the increase or decrease in his or her shareholding.

Takeover Protection under Cypriot law

Cyprus implemented the Takeover Directive by Law No. 41(I)/ 2007, as amended by law No. 47(I) / 2009 (the "Takeover Bids Law"), which contains provisions relating to mandatory offers requiring any person (i) who acquires shares in a company to which such law applies, which together with the shares already held by him and by persons acting in concert with him, carry 30 per cent. or more of such company's voting rights; or (ii) whose existing holding represents 30 per cent. or more than 30 per cent. but less than 50 per cent. of the voting rights and intends to increase its holding to make a general offer for that company's entire issued share capital.

Pursuant to section 3(2) of the Takeover Bids Law applies only in respect of a takeover bid for the securities of a company registered in Cyprus and all or part of the securities subject to the takeover bid are admitted to trading on a regulated market in Cyprus. While the Company is registered in Cyprus, the Ordinary Shares will not be admitted to trading in any regulated market in Cyprus. Accordingly, notwithstanding the requirements of the Takeover Directive, it appears there would currently be no requirement for any person acquiring control of the Company to make an offer to acquire the Ordinary Shares held by other holders.

The Cyprus Companies Law, Cap. 113 (as amended) contains provisions in respect of squeeze out rights. The effect of these provisions is that, where a company makes a takeover bid for all the shares or for the whole of any class of shares of another company, and the offer is accepted within four months after the making of the offer by the holders of not less than 90 per cent. in value of the shares concerned, the offeror can upon the same terms acquire the shares of shareholders who have not accepted the offer, unless such persons can, within one month from the date on which the notice was given, persuade the court not to permit the acquisition. If the offeror company already holds more than 10 per cent. in value of the shares concerned, additional requirements need to be met before the minority can be squeezed out. If the company making the take-over bid acquires sufficient shares to aggregate, together with those which it already holds, more than 90 per cent. then, within one month of the date of the transfer which gives the 90 per cent., it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of the notice, require the bidder to acquire their shares and the bidder shall be bound to do so upon the same terms as in the offer or as may be agreed between them or upon such terms as the court may order.

Pursuant to the Directive 2004/ 25/ EC (Takeover Directive), the percentage of voting rights conferring "control" is to be determined by the rules of the member state in which the company has its registered office. As the relevant Cypriot provisions are expressed to apply only to companies listed on a regulated market in Cyprus (save that Cyprus law applies to such matters as information of the personnel of the company under acquisition and on matters of corporate law, particularly as regards the percentage of

voting rights which are required for acquiring control and the exemptions of the obligation to submit a public offer as well as the terms subject to which the board of directors of the company under acquisition could take action which is capable to frustrate the public offer) there is not a relevant threshold for making a mandatory offer for the Company.

5. Interests of the Directors

- 5.1 As at the date of this Document and on Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors and their immediate families in the share capital of the Company and any Connected Person that would be disclosed pursuant to this paragraph if the Connected Person was a Director are as follows:

<i>Name</i>	<i>Immediately prior to Admission</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares (including Placing Shares)</i>	<i>Percentage of Enlarged Share Capital</i>
Andrew Tillery	Nil	Nil	Nil	Nil
Youval Rasin	394,173,541	38.81	404,173,541***	31.09
Lincoln Moore**	Nil	Nil	13,675,000	1.05
Shai Koi*	132,906,738	13.09	132,906,738	10.22
Richard Amon	119,757,412	11.79	119,757,412	9.21

* Shai Koi's entire shareholding is held through Yardeni-Gelfand Trusts (2000) Ltd.

** Lincoln Moore's entire shareholding is held through Serena Trust.

*** Youval Rasin has subscribed for 10,000,000 Ordinary Shares under the Placing.

- 5.2 On Admission, the Directors and their respective Connected Persons will hold the following warrants over Ordinary Shares:

<i>Name</i>	<i>Date of Grant</i>	<i>Number of Ordinary Shares covered by the warrant</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Youval Rasin	20 February 2013	31,251,029*	Placing Price	20 February 2018

* This includes warrants held over 8,081,813 Ordinary Shares by Starten Ltd (being a company in which Youval Rasin and members of his immediate family are interested).

- 5.3 Save as disclosed in this Document, none of the Directors or any of their respective Connected Persons has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 5.4 Save as disclosed in this Document, none of the Directors or any of their respective Connected Persons is interested in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet.
- 5.5 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any outstanding loans or guarantees provided by any of the Directors for the benefit of the Company.
- 5.6 Save as otherwise disclosed in this Document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

- 5.7 Save as disclosed in this Document, there are no contracts, existing or proposed, between any Director or parties in which they are interested and the Company.
- 5.8 In addition to their directorships in the Enlarged Group and any of its subsidiary companies, the Directors hold, and have during the five years preceding the date of this Document held, the following directorships or partnerships:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Andrew Tillery	Couloir Global Investors LLC Jacoma Estates (UK) Limited Mtanga Farms Limited Collabrium Capital Miro Forestry Limited	Matanuska Mauritius Limited Matanuska Mocambique Limitada Fanisi Capital LLC Tanzanian Orchards and Plantations Holding Company Africado Limited Pearl Capital Partners
Youval Rasin	RN SR Energy Limited Egoz CI SA Groweat Ltd	None
Shai Kol	RN SR Energy Limited	Mitchatnim Ba Reshet Ltd
Lincoln Moore	Commodities Finance Ltd 18 Shorrolds Road Management Ltd Zarmadan Gold Limited (formerly Morano Resources Limited)	Ragnar Capital Ltd Northcote Energy Limited (formerly Everest Energy Ltd) Stellar Resources PLC (formerly CSS Stellar PLC) Ragnar Capital Partners LLP Jubilee Gold Limited (formerly Stella Resources Limited)
Richard Amon	StarTen Technologies CI S.A. StarEnergy S.A.	None

5.9 No Director has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or entered into any individual voluntary arrangements or has had a receiver appointed to any asset of such director;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) been a partner in any partnership which has been placed into compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) been the owner of any assets which have been the subject of a receivership;
- (f) been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- (g) been publicly criticised by a statutory or regulatory body (including recognised professional bodies); or
- (h) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

6. Directors' Service Contracts

6.1 The Directors have held Company office as follows:

<i>Name</i>	<i>Commencement of period of office</i>
Andrew Tillery	6 March 2013
Youval Rasin	5 November 2012
Shai Kol	5 November 2012
Lincoln Moore	5 November 2012
Richard Amon	6 March 2013

6.2 The Articles provide that the amount, if any, of directors' fees shall from time to time be determined by the Company by resolution of the Shareholders. A director may be paid fees or other amounts as the Board determines where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

6.3 Andrew Tillery has entered into a letter of appointment dated 6 March 2013 under which he has been appointed as a non-executive director with effect from 6 March 2013. The appointment will be for an initial term of one year, unless otherwise terminated earlier by either party upon three months' written notice. Mr. Tillery shall devote up to 5 days per month to the Company and any time spent by him in excess of that time commitment will be charged to the Company at commercial rates on a time basis agreed with the Company. Mr. Tillery shall be paid a director's fee of £24,000 per annum.

6.4 Further to his appointment on 5 November 2012, Youval Rasin has entered into a service agreement dated 6 March 2013 under which he has been appointed as the Chief Executive Officer of the Company with effect from 6 March 2013. The appointment will continue for a minimum period of 18 months and can thereafter be terminated by 6 months' written notice by either party. Mr. Rasin shall be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement being not less than 85 per cent. of his available time. Mr. Rasin shall be paid a salary at the rate of £1 per annum prior to Admission and at a rate of £8,400 per annum following Admission. Mr. Rasin is subject to a number of restrictions commensurate with his position governing the extent to which he can compete with the Company post-termination of the service agreement.

6.5 Further to his appointment on 5 November 2012, Shai Kol has entered into a service agreement dated 6 March 2013 under which he has been appointed as the Chief Financial Officer of the Company with effect from 6 March 2013. The appointment will continue for a minimum period of 18 months and can thereafter be terminated by 6 months' written notice by either party. Mr. Kol shall be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement being not less than 85 per cent. of his available time. Mr. Kol shall be paid a salary at the rate of £1 per annum prior to Admission and at a rate of £8,400 per annum following Admission. Mr. Kol is subject to a number of restrictions commensurate with his position governing the extent to which he can compete with the Company post-termination of the service agreement.

6.6 Further to his appointment on 5 November 2012, Lincoln Moore has entered into a service agreement dated 6 March 2013 under which he has been appointed an Executive Director of the Company with effect from 6 March 2013. The appointment will continue for a minimum period of 12 months and can thereafter be terminated by 6 months' notice in writing by either party. Mr. Moore shall be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement being not less than 60 per cent. of his available time. Mr. Moore shall be paid a salary at the rate of £1 per annum prior to Admission and at a rate of £60,000 per annum following Admission. Mr. Moore is subject to a number of restrictions commensurate with his position governing the extent to which he can compete with the Company post-termination of the service agreement.

6.7 Mr. Richard Amon has entered into a letter of appointment dated 6 March 2013 under which he has been appointed as a non-executive director with effect from 6 March 2013. The appointment will be

for an initial term of one year, unless otherwise terminated earlier by either party upon three months' written notice. Mr. Amon shall devote up to 5 days per month to the Company and any time spent by him in excess of that time commitment will be charged to the Company at commercial rates on a time basis agreed with the Company. Mr. Amon shall be paid a director's fee of £8,400 per annum.

- 6.8 Save as disclosed in this Document, there is no contract or arrangement to which the Company is a party and in which any Director is materially interested and which is significant in relation to the business of the Company and no amount or benefit has been or is intended to be paid or given to any promoter of the Company. Further, save as disclosed in this Document, no Director is entitled to any benefits or payments from the Company on termination of their employment.
- 6.9 The aggregate remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors is estimated to be approximately €597,000 for the financial period ending 31 December 2013 under arrangements in force at the date of this Document.
- 6.10 In addition to the above, in March 2008 Shai Kol entered into an employment agreement with DekelOil Consulting. Under the terms of this agreement, Mr. Kol will be paid a base monthly salary of €6,000 which shall increase to €11,000 once the first oil extraction plantation becomes operational. Mr Kol is also entitled to the following bonuses:
- (a) €50,000 and 2,000 ordinary shares (5,295,563 Ordinary Shares following capital reorganisation) in the Company upon operation of its first oil extraction plant;
 - (b) €50,000 upon operation the Company or a subsidiary's second oil extraction plant;
 - (c) €100,000 upon production of 100,000 tonnes of oil per year;
 - (d) €100,000 upon production of 200,000 tonnes of oil per year;
 - (e) a bonus of between 0.3 per cent. of the actual EBIT if the Actual EBIT (as defined in the service agreement) exceeds 90 per cent. of the budgeted EBIT; and
 - (f) between 0.9 per cent. to 2.1 per cent. of the delta between the actual EBIT and the budgeted EBIT should the actual EBIT stand between 100 per cent. to 110 per cent. of the budgeted EBIT.

At the date of this Document, no bonuses are currently payable to Mr. Kol.

In addition to the above Mr. Kol is entitled to pension, severance pay, national insurance and education fund benefits and car allowances.

The agreement includes standard non-compete provisions commensurate with Mr. Kol's position.

It has been agreed by the parties to this agreement that from Admission the payment of bonuses under (e) and (f) above will be subject to oversight by the Remuneration Committee who may impose such limits as are considered appropriate.

DekelOil Consulting has the right to terminate the employment agreement with 24 months prior notice while Mr. Kol has agreed that he can terminate the employment agreement by providing 6 months' notice in writing to DekelOil Consulting.

- 6.11 In February 2008 Mr. Youval Rasin entered into an employment agreement with DekelOil Consulting Limited under the terms of which Mr. Rasin was appointed Managing Director of DekelOil Consulting and President of DekelOil Côte d'Ivoire. It was agreed that Mr. Rasin will provide such services as are agreed between the parties and shall include services customarily provided by a managing director and/or president of a company.

Under the terms of his employment agreement, Mr. Rasin will be paid a base monthly salary of €6,500 which shall increase to €20,000 once the first oil extraction plantation becomes operational. Mr Rasin is also entitled to the following bonuses:

- (a) €50,000 and 2,000 ordinary shares (5,295,563 Ordinary Shares following capital reorganisation) in the Company upon operation of first oil extraction plant;
- (b) €50,000 upon operation of second oil extraction plant;

- (c) €100,000 upon production of 100,000 tonnes of oil per year;
- (d) €100,000 upon production of 200,000 tonnes of oil per year;
- (e) 0.5 per cent. of all external investment in the parent company but not more than €50,000 upon Company raising full finance for its project;
- (f) a bonus of between 0.3 per cent. of the actual EBIT if the actual EBIT exceeds 90 per cent. of the budgeted EBIT and Mr Rasin shall be further entitled to receive between 0.9 per cent. to 2.1 per cent. of the delta between the actual EBIT and the budgeted EBIT should the actual EBIT stand between 100 per cent. to 110 per cent. of the budgeted EBIT. At the date of this Document, however, no bonuses are currently payable to Mr. Rasin.

It has been agreed by the parties to this agreement that from Admission the payment of bonuses under (d), (e) and (f) above will be subject to oversight by the Remuneration Committee who may impose such limits as are considered appropriate.

DekelOil Consulting may terminate Mr Rasin's employment provided that such notice was submitted after the operation of the first oil extraction plant and determines a date no earlier than 24 months. The employee may terminate the employment agreement by notice of termination to DekelOil Consulting provided that such notice determines a date no earlier than 6 months following the date of the notice. Should DekelOil Consulting terminate the YR Employment Agreement, Mr. Rasin will be entitled to severance pay for the 90 day notice period at the rate of 150 per cent. of his salary. Furthermore, in the event that there is a change of control of DekelOil Consulting, Mr. Rasin shall be entitled to 24 months' notice from DekelOil Consulting to terminate his employment (which shall be deemed to be served automatically) during which period Mr. Rasin shall receive salary at the rate of 200 per cent. of his salary.

In addition to the above, Mr. Rasin is entitled to pension, severance pay, national insurance and education fund benefits and car allowances.

DekelOil Consulting and Mr. Rasin have agreed in writing that Admission of the Company (or any investment in CSDS or restructuring of the Group prior to Admission) does not constitute a change of control of DekelOil Consulting for the purposes of the agreement.

7. Significant Shareholders

- 7.1 As at the date of this Document and on Admission, save for the interests of the Directors, which are set out in paragraph 5 above, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing three per cent. or more of the issued share capital of the Company to which voting rights are attached:

<i>Name</i>	<i>Immediately prior to Admission</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares (including Placing Shares)</i>	<i>Percentage of Enlarged Share Capital</i>
Yossi Inbar	95,362,409	9.39%	95,362,409	7.33
Erez Tirosh	71,521,545	7.04%	71,521,545	5.50
Yardeni-Gelfand Trusts (2000) Ltd [†]	78,783,373	7.76%	78,783,373	6.06
Hanan Rasin	42,172,395	4.15%	42,172,395	3.24

[†]Yardeni-Gelfand Trusts (2000) Ltd holds these shares on trust for Shaike Gilad

- 7.2 All Shareholders have the same voting rights.
- 7.3 To the best of the Directors' knowledge, the Company is not directly or indirectly owned or controlled by any Shareholder. Save as set out in paragraph 4 of this Part VI, there are no measures in place to prevent or regulate the ownership or control of the Company.

8. Related party transactions

8.1 Subordinated Loan Notes 2008 issued by DekelOil Limited

The Company issued a series of unsecured junior subordinated loan notes date 31 December 2008 (the "Subordinated Loan Notes 2008"). Under the terms of the Subordinated Loan Notes 2008, the Company has agreed to repay them by the earlier of: (a) prior to first dividend distribution by the company to its shareholders or (b) on 31 January, 2017, provided the Company has profits available for distribution.

The Subordinated Loan Notes 2008 are of like date and tenor numbered consecutively used by the Company as fully registered notes, without coupon. In aggregate the principal sum is not to exceed €2,570,000. The details of the Subordinated Loan Notes 2008 in issue are set out below:

<i>Name of Registered Holder</i>	<i>Sum of the Note</i>
Oren Goldstein	€120,000
Yehuda Mizrahi	€150,000
Nitzan Shamir	€150,000
Elad Zohar	€150,000
Yossi Inbar	€1,000,000
Erez Tirosh	€1,000,000

The Subordinated Loan Notes 2008 may be redeemed prior to maturity at the discretion of the Company, upon prior written notice to the registered holder. Such notice shall be mailed by first class mail at least 30 days and not more than 90 days prior to the date fixed for redemption.

The Subordinated Loan Notes 2008 are non-transferable.

8.2 Services agreement between CS DekelOil Siva Limited and the Company

On 1 January 2008, Mr. Eyal Timmor entered into an employment agreement with the Company. The employment agreement was novated by way of agreement dated 1 July 2010 and it was agreed that all rights and obligations of Mr. Timmor be assigned to CS DekelOil Siva Limited.

Under the terms of the agreement, Mr. Timmor had been appointed as the Company's Finance Director with effect from 15 February 2008 and it was agreed that he would be responsible for providing such services as are customary to his role as Finance Director in Côte d'Ivoire. Following novation of the original employment agreement, the concerned services will be performed by CSDS. The consideration for the services to be provided is €5,450 per month in addition to which the employee would be provided with furnished accommodation, a car and driver, a cell phone, medical insurance, all reasonable household expenses. In addition, Mr. Timmor receives a salary in Côte d'Ivoire at a net amount of FCFA 1,000,000 (approximately €1,525) per month.

It was agreed that for as long as the employee is employed by the Company and 36 months thereafter, he shall not be employed, become financially invested in, engage in any activity competing with products or services offered by the Company, directly or indirectly, in any capacity whatsoever. It was further agreed that the employee shall not for as long as employed and 36 months thereafter, employ or retain any person employed or retained by the Company on the date of the employee's termination.

The notice period for termination by either party to the agreement (as novated) is 90 days. In the event of termination the employee shall be entitled to severance pay as required by law.

8.3 Consulting Agreement between Lincoln Moore and the Company

In November 2011, Lincoln Moore entered into a consulting agreement (which was amended on 18 December 2012) with the Company under the terms of which he agreed to assist the Company with private equity fundraising or the Admission of the Company. The term of the agreement is 18 months from its effective date and it can be terminated by Mr. Moore or by the Company by 30 days' notice in writing to the other party. The parties have agreed that the consideration for the services provided by Mr. Moore shall be a fixed fee of €20,000 (payable on Admission) and issue of the LM Shares to the Serena Trust (a trust of which Lincoln Moore is a beneficiary) on Admission.

8.4 **Services Agreement between CS DekelOil Siva Ltd and Starten Ltd.**

The Company and Starten Ltd (“Starten”) which is a company in which Youval Rasin is interested) entered into a service agreement on 20 May 2008 for the provision of consulting and logistics services to the Company and its subsidiary including provision of office space for the Group’s main offices in Abidjan and maintenance, communication, internet and security services to the Company’s offices in Côte d’Ivoire. Starten also agreed to provide assistance to the Group in its communication with the state authorities in Côte d’Ivoire. The service agreement was novated by an undated agreement (together with the service agreement dated 20 May 2008, the (“Starten Agreement”) whereby the Company was substituted by CSDS who agreed to undertake all the rights, liabilities and obligations of the Company under the service agreement. Under the terms of the Starten Agreement the parties agreed that the remuneration payable for the consulting and logistic services to be provided by Starten shall be €10,000 per month and that the term of the agreement shall be five years which shall be automatically renewed for 5 year periods unless terminated by 60 days’ notice in writing. The Starten Agreement is governed by the laws of England and Wales.

8.5 **Consulting Agreement with Mr. Amnon Rasin**

Mr. Amnon Rasin was, on 3 July 2012, appointed supervisor of the civil works being undertaken by the Group at the Mill Site. Mr. Rasin’s remuneration under his arrangement with the Group is FCFA 2,000,000 (approximately €3,048) per month.

8.6 **Agreement between DekelOil Consulting and ARA Engineering and Construction Works Co. Limited**

DekelOil Consulting entered into an agreement with ARA Engineering and Construction Works Co. Limited (“**ARA**” being a company in which Youval Rasin is interested) on 1 October 2008. Under the terms of the agreement, ARA has agreed to provide DekelOil Consulting office and parking spaces (being the Company’s Israel Operating Office, details of which are set out in paragraph 2.6 above). ARA has also agreed to provide secretarial services to DekelOil Consulting. In consideration for the aforesaid services, DekelOil Consulting has agreed to pay approximately ARA €2,800 per month. The agreement can be terminated by either party by giving 30 days notice in writing.

8.7 Save as disclosed in this Document, the Company has not entered into any related party transaction or material agreement other than on arm’s length terms.

9. CREST and the Depositary arrangements

Ordinary Shares are in registered form. Ordinary Shares may be delivered, held and settled in CREST by means of the creation of dematerialised depositary interests representing such Ordinary Shares. Pursuant to a method under which transactions in international securities may be settled through the CREST system, the Depositary will issue the Depositary Interests. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system.

The Depositary Interests are created pursuant to, and issued on the terms of the deed poll executed by the Depositary on 31 January 2013 in favour of the holders of the Depositary Interests from time to time (the “**Deed Poll**”). The Deed Poll is summarised in paragraph 9.1 below. Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying Ordinary Shares, or the Depositary Interests representing them, against CREST or its subsidiaries.

Ordinary Shares will be transferred or issued to an account for the Depositary held by the Custodian. The Depositary shall pass on, and shall ensure that the Custodian passes on, to the holder of all Depositary Interests all rights and entitlements which the Depositary or Custodian receives in respect of the Ordinary Shares such as any such rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings.

The Depositary Interests will have the same security code (ISIN) as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM. The depositary services and custody services agreement is summarised in paragraph 9.2 below and the principal registrar agreement is summarised in paragraph 9.3 below.

9.1 ***Depository Interests – Terms of the Deed Poll***

Prospective subscribers for and purchasers of the Ordinary Shares are referred to the Deed Poll available for inspection at the offices of the Depository or by written request to the Depository (subject to a reasonable copying charge). In summary, the Deed Poll contains, among other things, provisions to the following effect which are binding on holders of Depository Interests.

The Depository will hold (itself or through its nominated Custodian), as bare trustee, the Ordinary Shares issued by the Company and all and any rights and other securities, property and cash attributable to the Ordinary Shares and pertaining to the Depository Interests for the benefit of the holders of the relevant Depository Interests.

Holders of the Depository Interests warrant, among other things, that the securities in the Company transferred or issued to the Custodian on behalf of the Depository and for the account of the holders of Depository Interests are free and clear from all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's Memorandum and Articles nor any contractual obligation, law or regulation. The holder of Depository Interests indemnifies the Depository for any losses it incurs as a result of breach of this warranty.

The Depository and the Custodian must pass on to holders of Depository Interests and exercise on behalf of Depository Interest holders all rights and entitlements received or to which they are entitled in respect of the Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on to the holders of Depository Interests upon being received by the Custodian and in the form in which they are received by the Custodian together with any amendments and additional documentation necessary to effect such passing-on.

The Depository shall re-allocate any Ordinary Shares of distributions which are allocated to the Custodian and which arise automatically out of any right or entitlement of Ordinary Shares already held by the Custodian to holders of Depository Interests pro rata to the Ordinary Shares held for their respective accounts provided that the Depository shall not be required to account for any fractional entitlements arising from such re-allocation and shall donate the aggregate fractional entitlements to charity.

The Deed Poll contains provisions excluding and limiting the Depository's liability. For example, the Depository shall not incur any liability to any holder of Depository Interests or to any other person for any loss suffered or incurred arising out of or in connection with the transfer and prospective holders of the Depository Interests and Ordinary Shares should refer to the terms of the Deed Poll and the Bye-Laws to ensure compliance with the relevant provisions.

The Depository may compulsorily withdraw the Depository Interests (and the holders of Depository Interests shall be deemed to have requested their cancellation) if certain events occur. These events include where the Depository believes that ownership of the Depository Interests may result in a pecuniary disadvantage to the Depository or the Custodian or where the Depository Interests are held by a person in breach of the law. If these events occur the Depository shall make such arrangements for the deposited property as it sees fit, including sale of the deposited property and delivery of the net proceeds thereof to the holder of the Depository Interests in question.

Holders of Depository Interests are responsible for the payment of any tax, including stamp duty reserve tax on the transfer of their Depository Interests.

9.2 ***Depository Interests – Terms of Depository Services and Custody Services Agreement***

The terms of the depository services and custody services agreement dated 19 February 2013 between the Company and the Depository (the "**Depository Agreement**") relate to the Depository's appointment as Depository and Custodian in relation to the Ordinary Shares.

Subject to earlier termination, the Depository is appointed for a fixed term of one year and thereafter until terminated by either party giving not less than 90 days' notice. The depository services and custody services include the issue and cancellation of depository interests and maintaining the Depository Interests register.

In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on members and the Depositary shall deliver to the Company (or as it may direct) all documents and other records relating to the Depositary Interests which is in its possession and which is the property of the Company.

9.3 **Share Register – Terms of the Principal Registrar Agreement**

The terms of the principal registrar agreement dated 20 February 2013 between the Company and the Registrar (the "**Registrar Agreement**") under which the Company appoints the Registrar to maintain the Company's principal share register in Cyprus and provide certain other services are summarised below.

The Registrar will perform various services in its capacity as Registrar, including maintenance of the register in Cyprus; maintenance or divided instruction records; registration of share transfers; preparation and despatch of dividend warrants; supplying to the Company, as soon as reasonably practicable, all necessary information so that the register be open for inspection at the registered office of the Company; and arranging for the provision of facilities for the holding of general meetings including the distribution of ballot papers in the event of a poll, and the provision of scrutineers of any vote, if required.

The initial term of the agreement is one year whereafter it may be terminated by either party on three months' notice in writing.

The Registrar shall not be liable to the Company for any loss sustained by the Company for whatever reason provided that the Registrar shall remain liable for any loss arising as a result of fraud negligence or wilful default by the Registrar.

10. **Litigation**

The Company has received a letter from P.C.M.I Ltd whereunder P.C.M.I Ltd has alleged that a debt is owed to it by the Company. No claim has, however, been filed in relation to this matter and the Company has not received any correspondence for over 1 year in relation to this and regards any such claim as without merit. The potential value of this claim is £68,881.20 plus interest.

Save as disclosed in this Document, there are no governmental, legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company or any subsidiary of the Enlarged Group) which may have or have had during the 12 months immediately preceding the date of this Document a significant effect on the financial position of the Company or any member of the Enlarged Group.

11. **Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

12. **Cypriot tax implications to the investors**

No Cyprus withholding tax should arise on any dividends paid.

A non-resident person who receives dividends from a Cypriot tax resident company paid out of profits which at any stage were subjected to deemed distribution, is entitled to a refund of the defence tax paid because of the deemed distribution in relation to the dividend received by such person.

No Cyprus tax should arise on capital gains made on the disposal of shares in the Company.

13. **UK Taxation**

The following statements are intended as a general guide only to current United Kingdom tax legislation and to what is understood to be the current practice of the United Kingdom HM Revenue & Customs

("HMRC") in relation to United Kingdom residents holding Ordinary Shares as investments and may not apply to certain classes of shareholder. Any person who is in any doubt as to his tax position or is subject to tax in any jurisdiction other than the United Kingdom is strongly recommended to consult his professional advisers immediately.

13.1 **Taxation of dividends**

The Company will not be required to withhold tax at source on any dividends it pays to its shareholders.

13.2 **United Kingdom resident shareholders**

An individual shareholder who is resident in the United Kingdom for tax purposes and receives a dividend from the Company will generally be entitled to a tax credit in respect of that dividend, currently equal to one-ninth of the cash dividend received or ten per cent., of the aggregate of the cash dividend received and the related tax credit (the "gross dividend"). The related tax credit can be set against the individual shareholder's total liability to income tax on the dividend.

An individual shareholder who is liable to income tax at no more than the basic rate will be subject to income tax at the rate of ten per cent., on the gross dividend and so the tax credit should satisfy in full that individual shareholder's liability to income tax on the dividend received.

An individual shareholder who is liable to income tax at the higher rate will be subject to tax at the rate of 32.5 per cent., on the gross dividend to the extent that the gross dividend, when treated as the top slice of that shareholder's income, falls above the threshold for higher rate income tax. The related tax credit will therefore not fully satisfy that individual shareholder's liability to income tax on the gross dividend and the shareholder will have to account for additional tax equal to 22.5 per cent., of the gross dividend or 25 per cent., of the cash dividend received.

United Kingdom resident shareholders who are not liable to United Kingdom tax on dividends including pension funds and charities, are not entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Subject to certain exceptions for traders in securities and insurance companies, a corporate shareholder resident in the United Kingdom for tax purposes will generally not be subject to corporation tax on dividends received from the Company.

13.3 **Non-United Kingdom resident shareholders**

The right of a shareholder who is not resident in the United Kingdom for tax purposes to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company will depend upon the existence and the terms of any applicable double tax treaty between the United Kingdom and the country in which the shareholder is resident. However, the amount of any repayment received by such shareholders will be negligible.

A shareholder who is not resident in the United Kingdom may be subject to foreign taxation on dividend income under local law and should consult his own tax adviser concerning his liabilities to tax on dividends received from the Company.

13.4 **Capital gains**

A disposal of Ordinary Shares by a shareholder who is either resident or, in the case of an individual, ordinarily resident for tax purposes in the UK, or is not UK resident but carries on a trade, profession, or vocation in the UK through a branch or agency to which the Ordinary Shares are attributable, may, depending on the shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five years and who disposes of the Ordinary Shares during that period may also be liable on his return to UK taxation of chargeable gains (subject to any available exemptions or reliefs).

For UK resident individual shareholders, taper relief may be available to reduce the amount of the gain chargeable to tax. The availability and rate of taper relief will depend upon the period of ownership of the Ordinary Shares and on whether the Ordinary Shares qualify as business assets or not for the individual in question.

For UK resident shareholders within the charge to corporation tax, taper relief is not available but an indexation allowance should be available to reduce the amount of the chargeable gain realised on a disposal of the Ordinary Shares.

13.5 **Stamp Duty**

The statements below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositories and clearance services) who may be liable to stamp duty or SDRT at a higher rate.

Agreements to transfer Ordinary Shares within CREST will attract SDRT normally at the rate of 0.5 per cent., of the amount or value of the consideration. The charge to SDRT arises, in the case of an unconditional agreement to transfer such shares within CREST, on the date of the agreement, and in the case of a conditional agreement, on the date the agreement becomes unconditional. The SDRT will be collected through CREST and becomes payable on the date agreed between HMRC and the operator in the CREST system. Claims can be made to cancel or obtain a repayment of the SDRT liability in the same circumstances as for transfers outside CREST (see below).

There is no additional stamp duty or SDRT liability where Ordinary Shares are taken out of CREST (otherwise than pursuant to a transfer on sale), and there is no stamp duty or SDRT liability if Ordinary Shares are deposited in CREST for conversion into uncertificated form (otherwise than pursuant to a transfer on sale or in contemplation of such sale). A transfer of Ordinary Shares on a CREST transfer form pursuant to a transfer on sale for conversion into uncertificated form will not give rise to a charge to stamp duty but will attract an SDRT liability normally at the rate of 0.5 per cent., on the amount or value of the consideration.

Certain agreements to transfer shares to principal traders are not liable to SDRT. Agreements to transfer shares to charities will also not give rise to SDRT or stamp duty.

Where Ordinary Shares are issued to or transferred to issuers or depository receipts or providers of clearance services, or in certain circumstances, their nominees or agents, stamp duty will be payable at higher rates of up to £1.50 per £100 (or part thereof) of the amount or value of the consideration provided, or SDRT will be payable at higher rates of up to 1.5 per cent., of the consideration, or, in certain cases, the value of the shares concerned.

Transfers of Ordinary Shares outside CREST will be liable to ad valorem stamp duty normally at the rate of 50 pence per £100 (or part thereof) of the actual consideration paid, in the case of an unconditional agreement to transfer shares outside CREST, on the date of the agreement, and in the case of a conditional agreement, the date the agreement becomes unconditional. The SDRT is payable on the seventh day of the month following the month in which the charge arises. However, where an instrument or transfer is executed and duly stamped before the expiry of six years beginning with the date of this agreement, a claim can normally be made to cancel, or obtain a repayment of, the SDRT liability. In the absence of special arrangements such as those outlined below in relation to the transfer of Ordinary Shares to investors in the Placing, a purchaser would normally assume the liability to pay the stamp duty and would be liable to pay the SDRT.

The sale of Ordinary Shares to investors in the Placing will give rise to a liability to stamp duty or SDRT as explained above. Arrangements have been made for any stamp duty or SDRT payable in relation to the transfer of Ordinary Shares to investors in the Placing to be borne by the Selling Shareholders to the extent that the stamp duty or SDRT does not exceed 0.5 per cent., of the consideration. Where stamp duty or SDRT is payable at the higher rates outlined above in relation to the transfer of Ordinary Shares to Investors in the Placing or where any non-UK taxes are payable

in respect of the Placing, the Investors concerned (rather than the Selling Shareholders) will be responsible for discharging the whole of the liability to stamp duty or SDRT.

Any person who is in any doubt as to the taxation position, who requires more detailed information than the general outline above or who is subject to tax in a jurisdiction other than the United Kingdom should consult his professional advisers.

14. General

- 14.1 The financial information relating to the Enlarged Group contained in Part IV of this Document has been prepared to 30 June 2012. Save for the matters set out in Part I, Part II and Part VI of this Document, there has been no significant change in the trading or financial position of the Enlarged Group since 30 June 2012.
- 14.2 The Company will publish its audited accounts for the year ended 31 December 2012 on or before 28 March 2013. The Company will publish its interim report for the six months ending 30 June 2013 on or before 30 September 2013. The Company will publish its audited accounts for the year ended 31 December 2013 on or before 30 June 2014. The accounting reference date of the Company is 31 December.
- 14.3 The total costs and expenses payable by the Company in connection with or incidental to the Acquisition, the Placing and Admission, including registration and London Stock Exchange fees, corporate finance, accountancy and legal fees, commissions due to Optiva Securities for procuring Placees, consulting and investor relation services and the costs of printing and despatching this Document, are estimated to be approximately £440,000 approximately €510,000 (excluding VAT), all of which will be payable by the Company. The gross Fundraising Proceeds are expected to be £2,282,000 and the net cash proceeds to the Company (after taking into account the Boletus start up costs) are expected to be £1,795,000 approximately €2,064,000 which will represent the Group's cash balances on Admission.
- 14.4 Save as disclosed in paragraph 8.3 of this Part VI of the Document, no person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within 12 months preceding the date of this Document; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) securities in the Company with a value of £10,000 or more; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 14.5 Save as set out in paragraph 2.5 of Part I of this Document, no payment in excess of £10,000 (approximately €11,500) has been made by or on behalf of the Company to any government or regulatory body with regard to the acquisition or maintenance of any of the Company's assets.
- 14.6 The financial information contained in Part IV of this Document does not constitute full statutory accounts as referred to in Section 430 to 434 of the UK Companies Act, 2006.
- 14.7 Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) has given and has not withdrawn its written consent to the inclusion in this Document of its name, its accountant's reports and its review report and references to its name and those documents in the form and context in which they appear.
- 14.8 Beaumont Cornish has given and has not withdrawn its written consent to the issue of this Document with the references to its name in the form and context in which they appear.
- 14.9 Optiva Securities has given and has not withdrawn its written consent to the issue of this Document with the references to its name in the form and context in which they appear.

- 14.10 Bruce Crabb has given and has not withdrawn his written consent to the issue of this Document with the inclusion of his report and references to his name in the form and context in which they appear.
- 14.11 Save as disclosed in Part I of this Document, the Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 14.12 Save as set out in Part V in this Document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this Document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 14.13 Save as disclosed in Part V in this Document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 14.14 There are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.
- 14.15 Save as disclosed in paragraph 2 of Part I in this Document, there are no investments in progress which are significant.

15. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Document until at least 30 days after the date of Admission:

- (a) the Memorandum and Articles of the Company;
- (b) the Agronomist's Report set out in Part III of this Document;
- (c) the Directors' service agreement and letters of appointment referred to in paragraph 6 of this Part VI;
- (d) the material contracts referred to in Part V; and
- (e) the letters of consent referred to in paragraphs 14.7, 14.8, 14.9 and 14.10 of this Part VI.

16. Availability of documents

Copies of this Document will be available free of charge from the date of this Document until the date which is one month after Admission, at the office of Beaumont Cornish, 2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ during normal business hours on any weekday (Saturdays and public holidays excepted). A copy of this Document will also be available on the Company's website, www.dekeloil.com.

Date: 12 March 2013

