

The logo for GEM BioFuels Plc features the company name in a bold, green, sans-serif font. A stylized green flame or drop shape is positioned above the letter 'i' in 'BioFuels'.

19th October 2007

## **GEM BioFuels to float on AIM**

GEM BioFuels Plc (“GEM BioFuels” or the “Company”, AIM:GBF), a company established to supply feedstock to the rapidly growing global biodiesel market, today announces its first day of dealings of its Ordinary Shares on AIM. WH Ireland Limited is acting as both Nominated Adviser and Broker to the Company.

The Company has raised £3.5m via a Placing at 60p per share, giving the Company a market capitalisation of £16.6m. The Placing will fund the ongoing establishment of its Jatropha plantations in Madagascar, the acquisition of a crushing plant and working capital requirements to enable the Company to establish its crude oil production.

### **Overview of the Company**

- The business was founded in 2004 to capitalise on the opportunity presented by the local agricultural and socio-economic conditions in Madagascar to produce Jatropha oil for use as a biodiesel feedstock. Operations are based in the South of the island where the Jatropha tree grows wild.
- Jatropha is well suited to use in the production of biodiesel. Jatropha trees are relatively drought resistant and suitable for cultivation in sub tropical regions. The high oil yielding seeds are mildly toxic and as such their use in biodiesel production does not affect the cost of living of the indigenous population. Biodiesel refined from Jatropha oil complies with international standards, including EN14214 in Europe, the major market for biodiesel.
- The Company has secured 50 year agreements giving exclusive rights over 452,500 hectares (in excess of 1 million acres) to establish plantations, ranging in size from 2,500 - 50,000 hectares with a further 40,000 hectares of natural forest containing substantial numbers of mature Jatropha trees.
- To date the Company has planted 13,300 hectares of Jatropha with a further 50,000 hectares expected to be planted between October 2007 and February 2008 and a total of 200,000 hectares being planted by 2010. Based on this, the Group’s production is expected to be 45,000 tonnes per annum (“tpa”) of crude Jatropha oil in 2009 rising to 210,000 tpa by 2014, as its trees mature.
- The biodiesel market is expected by the Directors to see significant growth, driven by factors such as the increase in crude oil prices and the political imperative to reduce carbon emissions.

Paul Benetti, CEO of GEM BioFuels commented: “Feedstock supply is set to become one of the defining issues in the global biodiesel industry. GEM BioFuels has been established to supply

crude jatropha oil as a feedstock to this rapidly growing market. By utilising jatropha, which is a non-edible, high-yielding perennial crop that is grown on semi-arid land with low water requirements, GEM BioFuels expects to be able to supply significant quantities of raw material without any negative impact on the environment or the food supply chain. In fact, our operations in Madagascar will be positive for the area of operations from both an environmental and socio-economic perspective.”

Founding Director, CEO Paul Benetti, is joined on the board by Adam Broadhurst who is responsible for the Company’s operations in Madagascar as Operations Director. Adam has a background in project management across Africa, Asia and Australia. Finance Director Frank Tiller brings over 35 years of professional and senior management experience gained at amongst other places the Waterline Group plc. Complementing the executive board are three non executive directors: Chairman Simon Hunt is joined by Malcolm Williams and Pritesh Desai, all of whom have considerable business experience, including Simon’s knowledge of the biofuels and renewable energy sectors.

Deleted: across Africa

Deleted: the Waterline

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### Placing statistics

Number of Existing Ordinary Shares in issue immediately prior to the Placing	20,000,000
Placing Price	60p
Number of Placing Shares being issued pursuant to the Placing	5,833,334
Conversion Price	US\$0.30
Number of Conversion Shares expected to be issued at the Conversion Price	1,786,167
Gross proceeds of the Placing	£3.5 million
Estimated net proceeds of the Placing	£2.7 million
Number of Ordinary Shares in issue immediately following completion of the Placing and Admission (including the Conversion Shares)	27,601,501
Market capitalisation following completion of the Placing and Admission at the Placing Price	£16.6 million

### NOTES TO EDITORS

#### The biodiesel market

The **biodiesel market** is expected by the Directors to see significant growth in the near future

- Between 1991 and 2005 production in the global biodiesel market has seen growth in excess of 45 per cent. per annum.

- Continued growth is expected to be driven by the political imperative to reduce carbon emission through, amongst other policies, the substitution of fossil fuels with sustainable green alternatives and a desire to reduce reliance on fossil fuels sourced from volatile parts of the globe.
- In the EU alone, these political drivers are expected to cause demand to grow from about 3 million tpa (approximately 3.3 billion litres) in 2005 to about 10 million tpa (approximately 11 billion litres) in 2010 (a growth rate of 32 per cent. per annum).

### **Jatropha**

**Jatropha** is a small tree/shrub, growing to about 5 metres in height. The plant is relatively drought resistant, thriving in arid and sub-tropical environments.

Jatropha seeds are rich in oil and were historically grown in large quantities in some areas of Africa for shipment to Europe for oil extraction and the manufacture of soap. The Directors believe that the current production of Jatropha seed for commercial purposes is negligible but increasing due to its attractiveness as a biodiesel feedstock because of its ability to grow on marginal land and the fact that it is non-edible.

Jatropha has been targeted because of its ability to economically produce high oil yielding seeds. The Company anticipates an average effective tree density, within its plantations, of approximately 4,000 trees per hectare. This is after allowing for a 20 per cent. gestation failure. Mature trees can produce up to 10kg of seed every year (depending on conditions) and Jatropha seeds have been known to produce between 35 per cent. and 40 per cent. oil content, by weight, depending on the species used, the environmental conditions at the time of seed production and the oil extraction technology being utilised.

### **Directors**

#### **Simon Hunt, aged 56 - Non-Executive Chairman**

Having trained and practiced as a corporate lawyer (with Macfarlanes and Jones Day (formerly Gouldens), Simon moved into venture capital with Gartmore Investment Management Limited specialising mainly in technology, particularly in the US. Simon subsequently ran his own venture capital and M&A advisory business before gaining operational experience through being CEO of a technology based public company, Stordata Solutions plc. Simon is Executive Chairman of Ipsy Ventures, an AIM quoted university intellectual property commercialisation business focused on life sciences and technology including environmental sciences such as alternative and renewable energy. Simon has had significant involvement in a variety of mergers and acquisitions and initial public offerings and has worked with both public and private companies from start up to a mature stage.

#### **Paul Benetti, aged 44 - Chief Executive**

Paul has been a director of the Company since its formation and has been responsible for the initial establishment of the Company's operations in Madagascar. Prior to this, he held senior management positions (including CEO) in public companies and was a Director in the Investment Banking Division of Macquarie Bank Limited, where he gained significant experience in public company management and corporate finance operations. Paul is a Chartered Accountant with a B.Com in Accounting from the University of Western Australia and is responsible for the corporate operations of the Company.

#### **Adam Broadhurst, aged 45 - Operations Director**

Adam has a substantial background in project management across Africa, Asia and Australia, gained while working for CSC Australia, Consultel and the Australian Government's Department of Foreign Affairs. Following these roles he has held positions as managing director and CEO of several early stage companies. With these companies he has gained early-stage business and project experience as well as broad exposure to all aspects of business and project management, with a focus on risk management and strategic planning. As the managing director of Virgin Technologies Plc, a Nigerian-based start-up company, Adam gained extensive experience establishing business relationships in remote locations and managing teams in challenging environments. Adam is responsible for the management of the Company's operations in Madagascar. He holds an A.D. in Electronic Engineering from the Royal Melbourne Institute of Technology.

**Frank Tiller, aged 54 - Finance Director**

Frank is a Chartered Accountant with over thirty five years of professional and senior management experience. After obtaining his accountancy qualification, Frank spent a further three years in the profession before moving into industry. He joined Waterline Group Plc in 1980 as Finance Director. Frank remained with Waterline until 2005 and saw turnover grow from £400,000 to over £75 million per annum with over 250 staff worldwide. He was instrumental in establishing management and reporting systems for a geographically diverse group and worked on the Company's successful listing on AIM. Frank is responsible, with assistance from external advisers, for the compliance of the Company with financial regulations.

**Malcolm Williams, aged 59 - Non-Executive Director**

Malcolm spent 38 years at Dresdner Kleinwort Wasserstein Limited (formerly Kleinwort Benson Limited) based in Europe and Asia. From 2000 to 2004 he was Chief Operating Officer of Global Private Equity, prior to which he served as Chief Operating Officer of Global Finance. Between 1985 and 1998 he was resident in Hong Kong as Chief Executive of Kleinwort Benson (Hong Kong) Limited, where he was responsible for the bank's business in Hong Kong, China and South East Asia, and subsequently, following its acquisition by Dresdner Bank, as Chief Operating Officer Asia. Prior to his time in Asia, from 1983 to 1985 he was a member of the board of management of Kleinwort Benson (Deutschland) GmbH based in Bremen. He retired from the Allianz Dresdner Group in 2004. He is Non Executive Chairman of Financial Payment Systems Limited and a Non Executive Director of European Venture Partners Limited and Strathdon Investments plc and is on the Advisory Boards of Vermilion Partners Limited and CP Equity Partners. In April 2007 Malcolm was appointed a Non Executive Director of Northacre Plc.

**Pritesh Desai, aged 39 - Non-Executive Director**

Pritesh is a graduate in economics from the University of East Anglia and a Fellow of the Association of Chartered Certified Accountants. He worked for a leading firm of chartered accountants and is a founding shareholder and director of Taitnys Management Limited and Cavendish Trust Company Limited licensed by the Isle of Man Financial Supervision Commission as corporate and trust service providers. He is also founder and managing director of Blue Sea International Limited, which is involved with the structuring, management and administration of collective investment schemes.

**Directors Interests**

The Directors' aggregate interests in Ordinary Shares following Admission will amount to 906,000 Ordinary Shares (including the interest in Ordinary Shares held by Mr Benetti's wife, 776,000) representing approximately 3.3 per cent. of the Enlarged Share Capital of the Company and options over a further 1,986,666 Ordinary Shares under the Share Options Schemes.

**Significant Shareholders**

Name	Ordinary Shares at the date of Admission	% of the share capital on Admission
2RS Pty Limited	876,000	3.2
Credit Suisse Client Nominees (UK) Limited*	14,851,500	53.8
Diana Lalor	2,000,000	7.2
Sweet Global Holdings Limited	2,008,000	7.3
GEMOF III Africa Fund	2,758,333	9.9
Natural Fuel Limited	1,083,333	3.9

\* Credit Suisse Client Nominees (UK) Limited holds these shares on trust for RAB Special Situations (Master) Fund Limited.