

Company [Equatorial Palm Oil](#)
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Equatorial Palm Oil plc ('EPO' or 'the Company')
First Day of Dealings on AIM

Equatorial Palm Oil plc, aiming to become a sustainable, low-cost producer of crude palm oil ('CPO'), is listing on AIM today. The Company has raised approximately £6.5 million before expenses by way of a placing of 37,118,000 new Ordinary Shares at 17.5 pence per share ('the Placing'), giving it a market capitalisation of approximately £14.3 million on Admission. The money raised will be used to develop sustainable palm oil plantations and a CPO processing operation in Liberia, where the Company controls circa 169,000 hectares of land. Mirabaud Securities LLP and Shore Capital Stockbrokers Limited are Joint Brokers to the Company and Shore Capital and Corporate Limited is its Nominated Adviser.

Overview

- Objective to become a major producer of sustainable, low-cost CPO
- Seeking admission to AIM in order to have access to equity capital markets and raising approximately £6.5 million before expenses
- Extensive land bank of circa 169,000 hectares, approximately 89,000 held under two 50 year leases ratified by the Government of Liberia
- Proven suitability for sustainable development of oil palm plantations located near the coast in Liberia, West Africa

- Three core business activities: the rehabilitation of existing oil palm plantations to provide early cashflow; the development of new plantations; and the development of out-grower small holdings
- Operating in Liberia provides low cost production environment, immediate access to the West African palm oil market and stable political environment
- Major interest in development of Liberian palm oil industry by international palm oil producers such as Sime Darby
- Growth market - demand of CPO forecast to grow by an annualised growth rate of 5-6 per cent. between 2008 and 2015
- Long term strategy to target 100,000 hectares and CPO production of up to 500,000 tonnes per annum
- Management team has extensive international experience in managing large scale oil palm plantations

EPO Chairman, Michael Frayne, said, "EPO offers a fantastic opportunity to enter into the fast growing and highly lucrative palm oil market. Our aim is to be a sustainable, low-cost producer of crude palm oil in Africa through the reactivation and development of existing plantations and our agricultural land holding in Liberia. Our extensive land bank of c.169,000 hectares has proven suitability for sustainable cultivation of oil palms, and offers short-term cash flow with high longer term capital growth.

"Our three project areas will be advanced in tandem with active out-grower programmes, which will importantly provide major employment to the country. The projects lie between the Ports of Buchanan and Greenville, which means our palm oil processing mill, due to be running later this year, will benefit from easy access to the West African market. Immediate reactivation of 3,000 hectares of existing plantation will provide for early cash flow and will demonstrate business scalability. This new estate development should immediately enhance land valuations - values of developed oil palm plantations are in the range of US\$15,000-22,000 per hectare.

"As the most important and widely produced edible oil in the world, demand for palm oil is projected to continue to grow at 5-6% per annum over the next five years, driven by demand in Africa, India, China and the US, in addition to renewable energy demand. Importantly, the oil

palm is indigenous to West Africa so with the application of SE Asian techniques and the latest seed genetics, we believe that Africa could again become a key player in the world palm oil market, devoid of the major environmental issues surrounding the development of palm oil plantations in other parts of the world. Importantly, Liberia is a newly politically stable country and is becoming a fast growing investment destination for multi-national corporations, with major international companies operating including Arcelor Mittal, Firestone and Sime Darby, who are developing 220,000 hectares of palm oil and rubber plantations, all with an established presence.

"These are exciting times for EPO. We have a fantastic land holding, a management with large scale oil palm plantation development experience, having worked with the likes of New Britain Palm Oil and Harrisons & Crosfields Plc, a defined development schedule and a strong institutional share register that recognise that EPO offers a comparatively low cost entry point for palm oil development and investment."

For further information please visit www.epoil.co.uk or contact:

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Further Information

Introduction

EPO's objective is to become a producer of sustainable, low-cost CPO and to this end it has extensive operations located near the coast in Liberia, West Africa. The Company's operational strategy is expected to be implemented through three core business activities: the rehabilitation of existing oil palm plantations; the development of new plantations; and the development of out-grower small holdings. The Group has secured Government ratified Investment Agreements in Liberia for the investment, rehabilitation and participation by the Group over a sizeable

acreage of existing oil palm plantations. EPO's operations have already commenced at the Butaw Plantation and Palm Bay Plantation.

Key strengths

Early cashflows are expected to be generated from the rehabilitation of existing plantations and commissioning of the Company's first CPO processing mill. In addition, the Directors believe that the Company is well positioned to deliver significant value for its shareholders, for the following reasons:

- The Group has secured Government ratified Investment Agreements covering two sizeable plantations in Liberia, and entered into a Memorandum of Intent over a third area for plantation development;
- The locations of the plantations benefit from favourable rainfall and suitable soil conditions;
- Management team has extensive international experience in managing large scale oil palm plantations;
- Operating in Liberia provides the Group with a low cost production environment;
- Liberian plantations can provide immediate access to the West African CPO market; and
- CPO demand is forecast to continue growing by an annualised growth rate of 5-6 per cent. between 2008 and 2015.

Market

Due to its abundant availability, low-cost and diverse functionality, CPO is the most widely produced edible oil in the world, with around 43 million tonnes produced in 2008. According to the Independent Palm Oil Market Study, CPO demand is forecast to continue growing by an annualised growth rate of 5-6 per cent. between 2008 and 2015.

Sustainability

The Company is committed to developing its project in a sustainable manner and as part of that commitment it joined the Roundtable on Sustainable Palm Oil ("RSPO") on 11 September 2007 and intends, on commencement of production of CPO, to become a certified RSPO producer.

The Company's existing plantations are based on previously logged land so will not cause degradation to primary forested areas in Liberia.

Liberia

Liberia emerged from over ten years of civil war in 2003. In January 2006, the US-educated economist and former finance minister, Mrs Ellen Johnson-Sirleaf, was inaugurated as Africa's first elected female head of state. The new government has implemented numerous initiatives in tandem with international development agencies to rebuild its infrastructure and economy.

During the past 24 months, Liberia has been visited by the leaders of China and the USA, highlighting the strategic importance of Liberia in the region. On 14 March 2008, the IMF fully restored Liberia's IMF status and approved an immediate financial support of approximately US\$900 million. During the past 18 months investment agreements with number of large conglomerates, including Sime Darby and China Union, have been signed further highlighting the investment potential of Liberia.

Key Management

The management team has extensive international experience in managing oil palm plantations and is comprised of executives based in Liberia and the UK.

The Board is chaired by Michael Frayne, one of the founders of the Company, who has previously worked for a range of companies within the resource, commodity and energy sectors.

Peter Bayliss is Managing Director with circa 20 years experience in the plantation sector. He previously worked for New Britain Palm Oil in Papua New Guinea and PT PP London Sumatra Indonesia where he was directly responsible for the implementation in Indonesia of a 10-year programme to plant 187,000 hectares of palm oil and 26,000 hectares of rubber throughout Indonesia.

Geoffrey Brown is Plantations Director with over 40 years experience in the plantation sector. He was formerly executive Chairman of London Sumatra Indonesia and an executive director of Harrisons & Crosfield Plc.

The Non-executive Directors are Joseph Jaoudi, an Advisory Board Member of First Pacific Bank in San Diego County and shareholder/director of a number of companies that have operated and traded in Liberia and Anthony Samaha, who is also an executive director of AIM quoted resources company Altona Energy Plc.

Reasons for the Placing and Admission

The Company is seeking admission to AIM in order to have access to equity capital markets, and is seeking to raise approximately £6.5 million before expenses through the Placing and first tranche of the Subscription Shares (excluding the Subscription Shares to be issued after Admission under the Investor Subscription Letter). The expected net proceeds of the Placing and first tranche of the Subscription Shares of approximately £5.7 million (excluding the Subscription Shares to be issued after Admission under the Investor Subscription Letter) are expected to be used to rehabilitate approximately 3,000 hectares of existing palm tree plantations, the commissioning of a CPO processing mill at the Palm Bay Plantation, commencement of civil and construction works, commencement of tree nursery operations, and the clearing and preparation of new plantation areas. Pursuant to the Investor Subscription Letter the Company expects to raise approximately a further £1.15 million after Admission.

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