

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 are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Copies of this document are being sent to Shareholders. If you have sold or otherwise transferred all of your ordinary shares in Equatorial Palm Oil plc please forward this document and the accompanying form of proxy on at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred part only of your holding in ordinary shares in Equatorial Palm Oil plc you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of 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 does not omit anything likely to affect the import of such information.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy ordinary shares in Equatorial Palm Oil plc.

EQUATORIAL PALM OIL PLC

(Incorporated and registered in England and Wales with registered number 5555087)

Proposals relating to the Restructuring and Financing of the Company's Liberian Palm Oil Projects Notice of General Meeting

The Notice of General Meeting to be held at 11.00 a.m. at 200 Strand, London WC2R 1DJ on 29 December 2010 is set out at the end of this document.

A Form of Proxy for holders of Ordinary Shares for use in connection with the General Meeting accompanies this document and, to be valid, must be completed and returned to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to the following number +44 (0) 1252 719232 as soon as possible but in any event received not later than 11.00 a.m. on 23 December 2010 or two working days before the adjourned General Meeting.

Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the General Meeting in person save that in each case the Shareholder should contact Share Registrars Limited in advance on +44 (0) 1252 821390 to confirm what identity documents they should bring with them and to complete a Form of Representation.

A summary of the action to be taken by Shareholders of the Company is set out on page 13 and in the Notice of General Meeting set out at the end of this document.

CONTENTS

Expected Timetable of Principal Events	Page 2
Definitions	Page 3
Part I Letter from the Chairman	Page 7
Part II The Joint Venture Agreement	Page 14
Part III Notice of General Meeting	Page 20
Form of Proxy	Page 21

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>Event</u>	<u>Expected time / date *</u>
Publication of this document	10 December 2010
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 23 December 2010
General Meeting	11.00 a.m. on 29 December 2010

* All times shown in this document are London GMT times unless otherwise stated. The dates and times given are indicative only and are based on Equatorial Palm Oil plc's current expectations and may be subject to change. If any of the times and / or dates above change the revised times and / or dates will be notified to Shareholders by announcement made to a Regulatory Information Service. If the General Meeting is adjourned, the latest time and date for receipt of Forms of Proxy for the adjourned meeting will be notified to Shareholders by announcement made to a Regulatory Information Service.

DEFINITIONS

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

“Act”	the Companies Act 2006 and includes the regulations made under the Act
“Admission”	the initial admission of Ordinary Shares to trading on AIM on 26 February 2010
“Admission document”	the admission document relating to the Company dated 23 February 2010 published in relation to the Admission (available on the Company’s website at www.epoil.co.uk)
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing admission to, and operation of, AIM and comprising the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“Articles”	the Articles of Association of the Company at the date of this document
“BioPalm Energy” or “BEL”	BioPalm Energy Limited, a company incorporated in Singapore with company registration number 201007394Z, which is a wholly owned subsidiary of Siva Ventures
“Butaw Investment Agreement”	the investment agreement dated 21 December 2007 entered into between the Government of Liberia and LFPI, a summary of the principal terms of which is set out in paragraph 3 of Part VIII of the Admission Document
“Butaw Plantation”	the area of land the subject of the Butaw Investment Agreement, comprising 54,549 hectares and known locally as the Butaw Palm Oil Plantation
“City Code”	the City Code on Takeovers and Mergers
“Completion”	the completion of the Restructuring and Financing
“CPO”	crude palm oil, the oil produced from the palm fruit in its natural state
“Directors” or the “Board”	the directors of the Company whose names are set out on page 7 of this document
“Disposal”	the sale of EBFM and EPOM to Palm Developments under the Sale Agreement

“Disposal Approval”	the approval by Independent Shareholders of the Disposal at the General Meeting
“document”	this document
“EBFI”	Equatorial Bio-Fuels (Liberia) Inc, incorporated in Liberia.
“EBFM”	EBF (Mauritius) Limited, incorporated in Mauritius on 12 January 2007
“EBGL”	Equatorial Bio-Fuels (Guernsey) Limited, incorporated in Guernsey with company number 46120
“EPO” or the “Company”	Equatorial Palm Oil plc (incorporated and registered in England and Wales with registered number 5555087) whose registered office is at One America Square, Crosswall, London EC3N 2SG
“EPOI”	Equatorial Palm Oil (Liberia) Inc, a company registered in Liberia
“EPOM”	EPO Mauritius Limited, incorporated in Mauritius on 25 November 2010 with company number 099263
“FFB”	fresh fruit bunches
“Form of Proxy”	the form of proxy for use by the Shareholders in connection with the General Meeting set out at the end of this document
“General Meeting”	the general meeting to be held at 11.00 a.m. on 29 December 2010
“Group”	EPO and its subsidiaries as at the date of this document as set out at paragraph 2 of Part I of this document
“Independent Directors”	Michael Frayne, Peter Bayliss, Geoffrey Brown, Joseph Jaoudi and Anthony Samaha being the Directors other than Shankar Varadharajan
“Independent Shareholders”	Shareholders other than BioPalm Energy Limited
“Investment Agreements”	the Butaw Investment Agreement and the Palm Bay Investment Agreement
“Joint Venture”	the formation of Liberian Palm Developments Limited by EBGL and Biopalm in order to finance the development of the Liberian Palm Oil Projects;

“Joint Venture Agreement”	the investment agreement between the Company, JVC, EBGL and BioPalm Energy, the terms of which are more particularly set out in Part II of this document
“LADC”	Liberia Agricultural Development Corporation, incorporated in Liberia
“LFPI”	Liberia Forest Products Inc, incorporated in Liberia on 25 October 2005
“LIBINCO”	LIBINC Oil Palm Inc, incorporated in Liberia on 4 October 2007
“Liberia”	the Republic of Liberia
“Liberian Palm Oil Projects”	the businesses carried on by LFPI, LIBINCO, EPOI and LADC in Liberia in connection with the investment, rehabilitation and participation in the Plantation Areas
“Memorandums of Intent”	together the memorandum of intent dated 11 March 2007 made between the citizens and residents of River Cess County, Liberia and LADC, further details of which are set out at Part VIII of the Admission Document and the memorandum of understanding between the Company and Rives Cess County dated 10 July 2010.
“Notice of General Meeting”	the notice convening the General Meeting set out at the end of this document
“Options”	options to subscribe for new Ordinary Shares in the Company
“Ordinary Shares”	the existing ordinary shares in the capital of the Company, each of £0.001 (1/10 of one pence)
“Palm Bay Investment Agreement”	the investment agreement dated 21 December 2007 entered into between the Republic of Liberia and LIBINCO, a summary of the principal terms of which is set out in paragraph 5 of Part VIII of the Admission Document
“Palm Bay Plantation”	the area of land the subject of the Palm Bay Investment Agreement, comprising 34,398 hectares and known locally as the Palm Bay Palm Oil Plantation
“Palm Developments” or “JVC”	Liberian Palm Developments Limited, incorporated in Mauritius with company number 0099262 with registered office at 10 th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius and which is owned equally by EBGL and

	Biopalm
“Panel”	the Panel on Takeovers and Mergers
“Party” or “Parties”	each of the Company, BioPalm Energy or Palm Developments, or some or all of them as the case may be
“Plantation Areas”	the Butaw Plantation, the Palm Bay Plantation and the River Cess Area
“Restructuring and Financing”	together the establishment of the Joint Venture and completion of the Disposal
“Resolution”	the resolution set out in the Notice of General Meeting
“River Cess Area”	the area of land the subject of the MOI and located in River Cess County, Liberia
“Sale Agreement”	the sale agreement to sell the entire issued share capital of EBFM and EPOM to Palm Developments
“Shareholders”	holders of Ordinary Shares in the Company
“Shore Capital”	Shore Capital and Corporate Limited
“Siva Group”	as set out at paragraph 5 of Part I of this document
“Siva Ventures”	Siva Venture Limited, a company incorporated in India, having its registered office at Sterling Towers, 327, Anna Salai, Teynampet, Chennai – 600 006, India
“Subscription”	the subscription by BioPalm Energy for 33,333,333 Ordinary Shares in the Company at a price per share of £0.15 (fifteen pence) the terms of which are more particularly set out at paragraph 5 of Part I of this document.
“Takeover Code”	the City Code on Takeovers and Mergers
“Warrants”	warrants to subscribe for new Ordinary Shares in the company

PART I
LETTER FROM THE CHAIRMAN
EQUATORIAL PALM OIL PLC

(Incorporated and registered in the England with registered number 5555087)

Registered Office: One America Square, Crosswall, London EC3N 2SG

Directors:

Michael Julian Frayne (*Executive Chairman*)*

Peter David Bayliss (*Managing Director*)*

Geoffrey Edward Martyn Brown (*Executive Director - Plantations*) *

Joseph Hafiz Jaoudi (*Non- Executive Director*) *

Anthony John Samaha (*Non- Executive Director*)*

Shankar Varadharajan (*Non- Executive Director*)

*Independent Director

10 December 2010

To Shareholders and, for information only, to holders of Options and Warrants

Dear Shareholder

Proposed Restructuring and Financing of the Company's Liberian Palm Oil Projects

Notice of General Meeting

1. Introduction

On 6 September 2010 the Company announced that it had signed a memorandum of understanding ("MOU") with BioPalm Energy to establish a US\$60 million joint venture company ("Palm Developments") to hold, operate and develop the Liberian Palm Oil Projects (the "Joint Venture"). The Company announced today that it has entered into the Joint Venture Agreement by which Equatorial Bio-Fuels (Guernsey) Limited ("EBGL"), the Company's wholly owned Guernsey subsidiary, shall form the joint venture with BioPalm Energy.

The Joint Venture Agreement provides for an equity investment in Palm Developments of US\$30.0 million (US\$7.5 million from the Company through EBGL and the transfer of all of the issued shares of EBFM, LADC, EPOI and EPOM to Palm Developments and US\$22.5 million from BioPalm Energy) with BioPalm Energy arranging and guaranteeing an additional US\$30 million debt facility (together the "Restructuring and Financing").

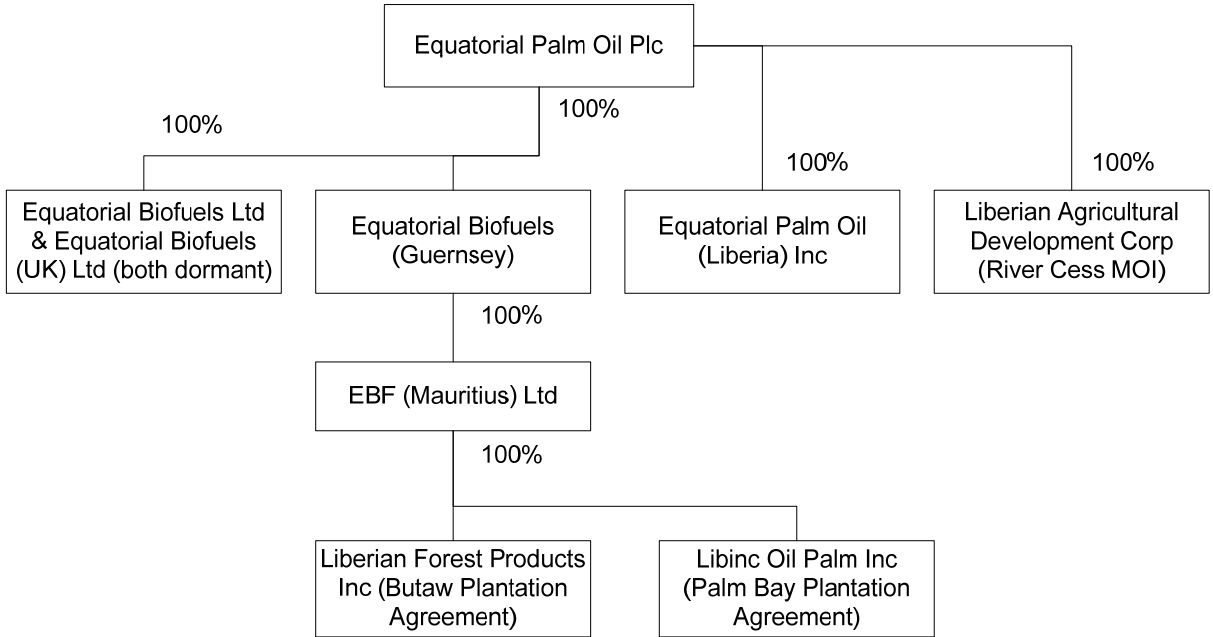
The Joint Venture Agreement, and thus the Restructuring and Financing, is conditional upon the passing of the Resolution. Consequently, the purpose of this document is to set out the background to and the terms of the proposed Restructuring and Financing, and the reasons why the Independent Directors support the Restructuring and Financing, and to seek approval for the Resolution at the General Meeting from Independent Shareholders.

Completion of the Restructuring and Financing is conditional on the approval of the Independent Shareholders at the General Meeting, notice of which is set out at Part II of this document. Following Completion EPO will hold a 50 per cent. interest in EBFM and EPOM through EBGL.

BioPalm Energy currently holds 33,333,333 Ordinary Shares representing approximately 28.5 per cent of the issued share capital of the Company. Accordingly, BioPalm Energy is considered a related party and the Joint Venture is considered a related party transaction for the purposes of Rule 13 of the AIM Rules. The Independent Directors, having consulted with Shore Capital, the Company’s nominated adviser, consider the terms of the Restructuring and Financing to be fair and reasonable insofar as the Company’s Shareholders are concerned.

2. Background information on the Company and the Liberian Palm Oil Projects

The Group’s activities and operations are carried on by or are proposed to be carried on by LFPI, LIBINCO, EBFI and LADC. The Company acts as a holding company and is the central administrative company and employer in the Group. All the subsidiaries of the Company are wholly owned. The Group’s corporate structure as at the date of this document is as follows:



Corporate strategy

The objective of the Company is to become a global producer of sustainable, low-cost crude palm oil (“CPO”) through three core business activities: the rehabilitation of existing palm oil plantations, the establishment of new plantations and out-grower plantation development.

The Liberian Palm Oil Projects

Prior to Admission, the Group had secured the Butaw Investment Agreement and the Palm Bay Investment Agreement for the investment, rehabilitation and participation by the Company of 88,947 hectares acreage of palm oil plantations. In addition, the Company had entered into, on 11 March 2007 and 10 July 2010, Memorandums of Intent to establish a joint venture to develop plantations on at least a further 80,000 hectares in the River Cess Area. The memorandum of understanding dated 10 July 2010 will be assigned to Palm Developments on Completion. An overview of the Liberian Palm Oil Projects is set out in Part III and Part V of the Admission Document.

Since Admission, work has been commenced at the Butaw Plantation and the Palm Bay Plantation, however, no profits or turnover of the Company are currently attributable to the Liberian Palm Oil Projects.

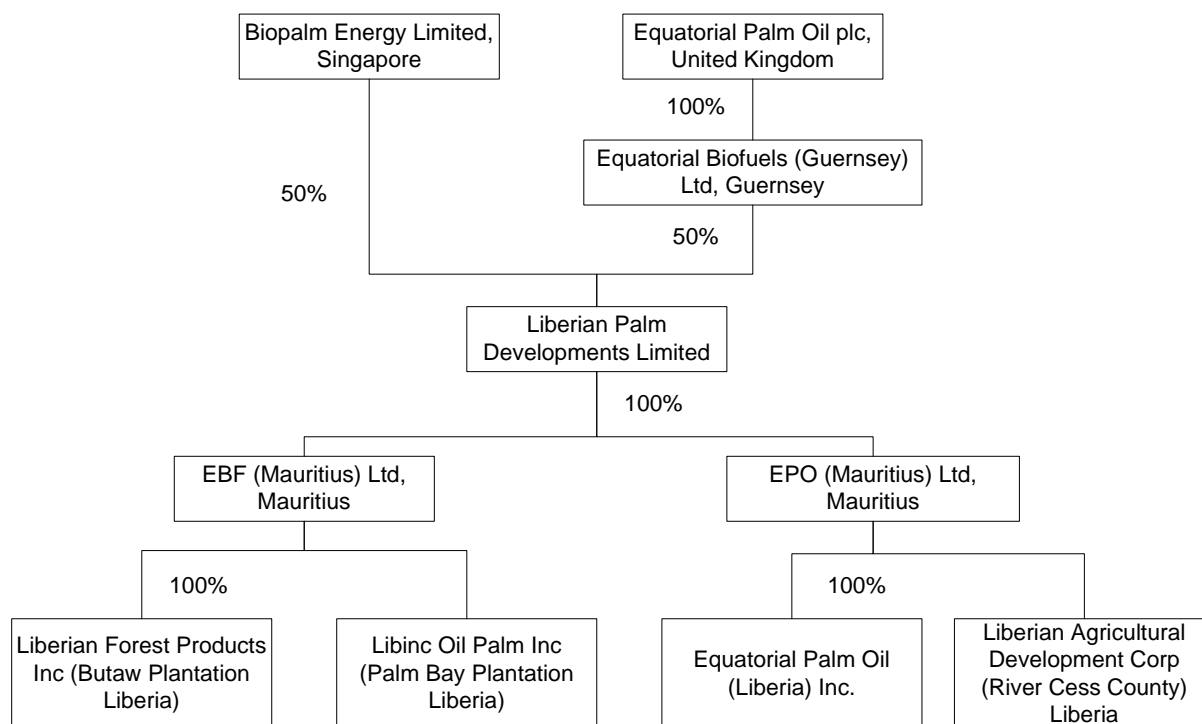
3. Terms of the Proposed Restructuring and Financing

Under the terms of the Proposed Restructuring and Financing, subject to the Disposal Approval being received:

- (a) the Company's wholly-owned Guernsey subsidiary EBGL shall establish Palm Developments which shall be a private company limited by shares incorporated in Mauritius;
- (b) all of the issued shares in EBFM and EPOM (whose wholly-owned Liberian subsidiaries own the assets making up the Liberian Palm Oil Projects), at the date of this document wholly owned subsidiaries of the Company, shall be transferred to Palm Developments;
- (c) EBGL shall, in addition to its founder share in the JVC, subscribe for additional shares in Palm Developments to the value of US\$7.5¹ million;
- (d) BioPalm Energy shall subscribe for a 50 per cent. shareholding in Palm Developments for US\$22.5 million; and
- (e) BioPalm Energy shall arrange and guarantee an additional US\$30.0 million loan facility for Palm Developments.

Following Completion the Group shall be as set out below:

JVC ORGANISATION STRUCTURE FOLLOWING COMPLETION*



Note: Biopalm Energy Limited will also be interested in 33,333,333 Ordinary Shares of the Company representing approximately 28.5 per cent. of the Company's issued share capital as at the date of this document.

** Equatorial Palm Oil (Liberia) Inc and Liberian Agricultural Development Corp are at present held on trust by the Company for the benefit of EPO (Mauritius) Limited. The transfer of these companies into EPOM are in the process of being completed. The above diagram depicts the structure of the JVC once the transfer has been executed.*

¹ Net of any money advanced or expenses incurred by the Company on or after 31 July 2010 in relation to EBFM or EPOM (or their respective Liberian subsidiaries).

4. Reasons for the Restructuring and Financing

The Independent Directors believe that the reasons for, and benefits of, the proposed Restructuring and Financing are as set out below:

Acceleration of the development of Liberian Palm Oil Projects

The Joint Venture Agreement provides for an equity investment in Palm Developments of US\$30.0 million (US\$7.5 million from EBGL on behalf of the Company and US\$22.5 million from BioPalm Energy). Furthermore BioPalm Energy will arrange and guarantee an additional US\$30.0 million loan facility to Palm Developments.

The resulting US\$60 million investment in the 50:50 Joint Venture will enable the Company to accelerate its strategic development plan in respect of its c.169,000 hectare land position at the three plantation areas of Palm Bay, Butaw and River Cess Area. In particular, it is envisaged that the additional finance will enable the Company to:

- embark on a more aggressive planting schedule – targeting 20,000 hectares by 2014 (compared to 11,700 hectares before the Joint Venture);
- accelerate development of associated infrastructure to process improved harvesting rates;
- accelerate development of outgrower programme; and
- encourage earlier and higher realisation of cash flows resulting from sales of CPO and derivative palm products.

Mitigation of risk in respect of Liberian Palm Oil Projects

The Joint Venture allows EPO and BioPalm Energy to share the risks and rewards of developing the Liberian Palm Projects. The Directors believe that one of the most significant risks for EPO as perceived by investors has related to the long term funding and development of the Liberian Palm Projects particularly given the long lead times for palms to bear harvestable fruit and thus generate income for EPO. The Directors believed that they would be able to obtain some form of debt financing, however, in the absence of clarity on the timing, terms and quantum of the financing, the Joint Venture Agreement effectively assures financing and at a level which, the Directors believe, could otherwise be difficult to obtain should EPO attempt to access bank funding without a strategic partner. The Directors believe the benefits to the Company are significant as the Joint Venture Agreement reduces project execution risk.

Acceleration of the planting programme

The additional funding should allow EPO to achieve planting targets sooner than previously expected by management. The new schedule of expected planting rates is as follows:

Planting Schedule – comparison

hectares/year	2011	2012	2013	2014	2015
Previous planting rate	1,200	1,200	1,800	3,000	4,500
<i>Cumulative planting rate</i>	<i>1200</i>	<i>2,400</i>	<i>4,200</i>	<i>7,200</i>	<i>11,700</i>
Accelerated planting rate	1,200	4,000	4,000	4,500	6,300
<i>Cumulative planting rate</i>	<i>1,200</i>	<i>5,200</i>	<i>9,200</i>	<i>13,700</i>	<i>20,000</i>

The accelerated planting schedule will have the resultant impact downstream on harvesting rates, requiring faster investment in the associated infrastructure and palm mills to process palm fruit into CPO, palm kernel oil and palm kernel cake. The accelerated planting rates should also bring forward revenues generated from expected sales of CPO and other palm products. The Board believes this should have a positive impact on the project's valuation, despite the dilution of the Company's shareholding in the Liberian Palm Oil Projects.

Supportive long-term partner provides strategic benefits

In addition to the Siva Group providing the Joint Venture with the financing to scale up the new development schedule, the Directors believe the Siva Group can provide other key benefits:

- potential access to additional future finance;
- experience in palm oil plantation development in Asia, South American and Africa;
- the Siva Group are currently active in other palm oil development in other countries in West Africa allowing for potential cost synergies for suppliers of equipment, vehicles and other goods; and
- access to long-established banking relationships.

As a result, the Independent Directors unanimously believe that the proposed Restructuring and Financing is in the best interests of the Company and its Shareholders as a whole and unanimously recommend all Independent Shareholders vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings of Ordinary Shares in aggregate representing 12.11 per cent. of the current issued share capital.

5. Information on the Siva Group and BioPalm Energy Limited

The Siva Group

The Siva Group was founded in 1986 by Mr. Chinnakannan Sivasankaran, and is a Chennai, India-based conglomerate with over 3,000 employees and operations in Property, Telecom, Project Engineering, Shipping, Renewable Energy, Agriculture and e-education/software.

BioPalm Energy

BioPalm Energy is a Singapore incorporated company which is seeking to invest in oil palm projects and developments around the world. BioPalm Energy is a wholly owned subsidiary of Siva Ventures.

On 27 May 2010 the Company announced that it had issued 33,333,333 new Ordinary Shares to BioPalm Energy, currently representing approximately 28.5 per cent. of the Company's issued shares post-Subscription, at a price of 15p (the "Subscription Price") raising £5 million. At the time of the Subscription the Subscription Price represented a 42.9 per cent. premium over the closing price of 10.59 per Ordinary Share on 26 May 2010, being the last available business day prior to the Subscription.

Pursuant to the terms of the Subscription, BioPalm Energy was granted the right to appoint a Non-Executive Director to the board of the Company. On 27 September 2010 BioPalm Energy exercised this right, appointing Shankar Varadharajan as a non-executive director to the Board.

6. Advisory fees relating to the Joint Venture

The professional fees associated with the Restructuring and Financing have amounted to approximately £75,000.

Ragnar Capital, a firm with a connection to two former employees of EPO and St Brides Media & Finance, who were the Company's PR advisors until October, consider they are entitled to fees of approximately US\$1.1 million in relation to this transaction. The Company does not believe that these sums are payable and the matter is being discussed between the parties.

7. The Joint Venture Agreement

Subject to receiving the Disposal Approval, following Completion, Palm Developments, in which the Company (through EBGL) will have a 50 per cent. interest, shall be responsible for the operations and development of the Liberian Palm Oil Projects. The terms of the Joint Venture Agreement and how Palm Developments shall be operated are set out in Part II of this document.

8. The Takeover Code requirements

Rule 9 of the Takeover Code stipulates, *inter alia*, that if (a) any person acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested; such person or persons acting in concert with him will normally be required to make a general offer to shareholders of that company to acquire the balance of the equity share capital of that company not held by such person or persons acting in concert with him.

An offer under Rule 9 must be made in cash (or be accompanied by a full cash alternative) and be at not less than the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Following Completion, BioPalm Energy will hold approximately 28.5 per cent of EPO and 50 per cent. of Palm Developments which would hold and operate the Liberian Palm Oil Projects, which are at the date of this document are the Company's sole assets. The Company has consulted with the Panel and the Panel has advised that there are no Takeover Code implications resulting from the proposed Restructuring and Financing.

9 The Company's operations following the Disposal

On Completion, the Company's Ordinary Shares will continue to be traded on AIM and the Company will continue with its stated objective to become a global producer of sustainable, low-cost CPO through its interest in the Liberian Palm Oil Projects.

Following the Restructuring and Financing the Company shall continue to operate the Liberian Palm Oil Projects as "manager" under the terms of the Joint Venture Agreement a summary of which is set out in Part II of this document.

10. General Meeting

The General Meeting is being convened for the purpose of approving the Restructuring and Financing. A notice convening the General Meeting to be held at 11.00 a.m. on 29 December 2010 at which the Resolution set out below will be put to Shareholders is set out in Part III of this document.

Resolution:

That the Restructuring and Financing by the Company in accordance with the terms of the Sale Agreement and the Joint Venture Agreement be approved and that the Directors of the Company be

authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the intentions of the parties under the Sale Agreement and the Joint Venture Agreement (including by waiver or variation of the terms and conditions of the Sale Agreement and the Joint Venture Agreement).

11. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return your Form of Proxy to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, as soon as possible but, in any event, so as to arrive no later than 11.00 a.m. on 23 December 2010. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

12. Related Party

BioPalm Energy currently holds 33,333,333 Ordinary Shares in EPO representing approximately 28.5 per cent of the issued share capital of the Company. Accordingly, BioPalm Energy is a related party for the purposes of Rule 13 of the AIM Rules and as a consequence is precluded from voting on the Resolution. The Independent Directors, having consulted with Shore Capital, the Company's nominated adviser, consider the terms of the Restructuring and Financing to be fair and reasonable insofar as the Company's Shareholders are concerned.

13. Board Recommendation

The Independent Directors consider the proposed Restructuring and Financing to be fair and reasonable and in the best interests of the Company and Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend that the Independent Shareholders vote in favour of the Resolution as they intend to do in respect of their own shareholdings of 14,227,096 Ordinary Shares, which represents approximately 12.11 per cent. of the current issued share capital.

Yours faithfully,

Michael Frayne
Executive Chairman

PART II
JOINT VENTURE AGREEMENT

Subject to receiving the Disposal Approval, following Completion, Palm Developments, in which the Company (through EBGL) will have a 50 per cent. interest, shall be responsible for the operations and development of the Liberian Palm Oil Projects. The terms of the Joint Venture Agreement and how Palm Developments shall be operated are set out below.

Liberian Palm Developments Limited

The name of the joint venture company is Liberian Palm Developments Limited (“Palm Developments” or the “JVC”) and it has its head office in Mauritius. The Joint Venture shall take effect from 31 July 2010. EBGL and BioPalm Energy will each own half of the issued and paid up share capital of the company and will have equal shareholder voting rights.

Board of Directors

There shall be a minimum of 4 directors on the board of Palm Developments. Each Party will appoint an equal number of directors to the board of Palm Developments, who will have equal voting rights. Various material items of affirmative business, (including but not limited to decisions regarding any disposal (including granting any security over) or acquisition of assets, merger, issue of equity, material or related or unusual transactions, material borrowing, the business plan, budget and strategy, appointment and dismissal of senior management, accounting changes and litigation) shall only be passed by directors’ resolution with at least one director appointed by each Party voting in favour of it (the “Reserved Matters” as detailed below). The Parties will also have the right to nominate Directors in equal proportion in the Subsidiaries of the JVC. As long as EBGL or BEL hold 10% or more of the share capital of the JVC, such party shall have the right to appoint a Director to the Board.

Subject to decisions on Reserved Matters (described below), the Company will have the sole responsibility for the supervision and management of the JVC and its business. Management services will be provided by the Company in accordance with the terms of management services agreement(s) to be entered into between the Company and the JVC which shall be on the industry standard terms and conditions. The Company shall make an announcement in relation to these services and the terms once the same have been agreed.

The post of chairman will be held by an appointee of each Party in rotation for alternate years. The first chairman shall be appointed by BioPalm Energy. The chairman will not have a casting vote.

No dividend or other such distribution will be declared, paid or made by the Board until all loans made to the JVC by BEL or EPO have been repaid in full.

Matters reserved to shareholders

The following matters are reserved to the Parties as shareholders and require both BEL’s and EBGL’s representatives to vote in favour of a resolution for it to be passed:

1. Authorise or approve the sale, lease, license or other disposition of all or substantially all of JVC’s (or any of its subsidiary’s) assets.
2. Any merger, consolidation or exchange of equity securities between JVC (or any of the JVC’s subsidiaries) and another person, or any other transaction which results in the holders of JVC’s (or any of the JVC’s subsidiary’s) equity prior to the transaction owning less than fifty per cent (50%) of the voting power of JVC’s (or any of the JVC’s subsidiary’s) equity after the transaction.

3. Acquisitions/dispositions of/for assets greater than ten per cent (10%) of the fair market value of the total assets of JVC and its subsidiaries, taken as a whole.
4. Authorise or approve any borrowing by JVC (or any of its subsidiaries) in excess of US\$200,000.
5. Authorise or approve any changes in the fundamental business of JVC (or any subsidiary's).
6. Material transactions that are outside the ordinary course of business.
7. Enter into any agreements in excess of US\$200,000.
8. Approval of annual budget and business plan for the JVC.
9. Restrictions against liens or other such encumbrances on assets of JVC or its subsidiaries that are outside the ordinary course of business.
10. Expansion of the business into countries not provided for in the JVC's business plan.
11. Establish employee stock ownership plans.
12. Appointment or dismissal of managing director, chief financial officer, chief technical officer, chief operating officer, chief marketing officer and other senior management.
13. Changes in accountants or accounting policies.
14. Settle any litigation when the amount claimed is in excess of US\$200,000.
15. Enter into any agreement to do any of the foregoing, directly or indirectly, or otherwise take any action that is inconsistent with the foregoing.
16. Permitting the registration of any person as a member of JVC other than in accordance with the terms of the Joint Venture Agreement.
17. Share capital alteration (e.g. creation, increase, consolidation, conversion, reduction, redemption, repayment, etc.).
18. Altering the name of JVC.
19. Varying in any respect the constitutional documents of JVC or the rights attaching to any of the shares in the JVC.
20. Applying for the listing or trading of any Shares or debt securities on any stock exchange or market.
21. Passing any resolution for its winding up or presenting any petition for its administration other than in accordance with the Joint Venture Agreement (unless it has become insolvent).
22. Forming any subsidiary in the JVC or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).

23. Declaring or paying any dividend that exceeds in any year 50% of JVC's post-tax distributable profits as shown by the audited accounts for that year, or making any other distribution (by way of capitalisation, repayment or in any other manner) out of JVC's distributable profits or any of its reserves.
24. Establishing or amending any profit-sharing, bonus or other incentive scheme of any nature for directors or employees.
25. Establishing or amending any pension scheme or granting any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family.
26. Agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of or consultant to JVC at a rate in excess of US\$100,000 per annum or increasing the remuneration of any such person to a rate in excess of US\$50,000 per annum.
27. Entering into or varying any contract of employment providing for the payment of remuneration (including pension and other benefits) in excess of a rate of US\$100,000 per annum or increasing the remuneration of any staff (including pension and other benefits) to a rate in excess of US\$50,000 per annum.
28. Making any agreement with any revenue or tax authorities or making any claim, disclaimer, election or consent exceeding US\$100,000 for tax purposes in relation to JVC or its business.
29. Redemption, purchase or other acquisition for value of any securities of the JVC or payment or declaration of any return or distribution on any securities other than pursuant to the Joint Venture Agreement.
30. Changes to the business plan of the JVC.

Notwithstanding anything contained in the list above, where the business plan has been approved as a Reserved Matter (those matters listed above), such matters within the business plan shall not require the prior written approval of the shareholders of the JVC.

Assignment of Contract

As a condition precedent to the Joint Venture Agreement, the Company will by way of a deed of novation assign its contract with Modipalm Engineering Sdn Bhd to LIBINC. Under the terms of the Novation Deed all rights, obligations and liabilities under the Contract shall enure to the benefit of LIBINCO. Further the parties have agreed to assign any other agreement or contract to the JVC or its subsidiaries which be mutually identified and agreed.

Transfer of Shares

Neither party to the Joint Venture Agreement will be able to transfer its shares in Palm Developments to a third party without first offering to sell them to the other party in the JVC. The party offering to transfer its shares in the JVC shall in its notice to the other party specify its intention to sell/transfer the shares and the price for such transfer. In the event the price is not acceptable to the party to whom the offer is made or if the party is not desirous of purchasing any or all the shares, the offering party may transfer its shares to a third party at a price no less favourable than the one mentioned in the notice to the other party in the JVC. However, such pre-emption will not apply to intra-group transfers of the whole of a party's shareholding.

Drag Along

As long as both the Company and BEL holding equal number of shares in the JVC, any party, or any party holding majority of shares in the JVC chooses to sell all its shares in the JVC to a third party, pursuant to a serious, unconditional and outright offer, may require (by way of notice) the other shareholder of the JVC to transfer its shares to the third party concerned on the same terms specified in the said notice. The said notice shall give the other party details of the name and address of the third party concerned and the terms of payment in relation to the shares. The parties shall then sell their shares in the JVC to the third party provided that the sale is completed within 45 days from the date of the notice.

Tag Along

As long as both the Company and BEL holding equal number of shares in the JVC, any party, or any party holding majority of shares in the JVC receives an offer from a third party for the purchase of all or some of its shares in the JVC shall ensure prior to such sale that the sale agreement for the shares concerned contains a provision whereby the other party has the option (for a period of 20 Business Days after receiving written notice of such offer) of selling to the third party at the same time any of its shares in the JVC up to the pro rata percentage of the shares sold by the other party on the same terms.

Deadlock

There is a deadlock if a resolution is proposed at a properly convened meeting of the shareholders or the board of directors of the JVC and either:

- a. there is no quorum at the meeting when it is reconvened following an adjournment;
- b. where it is a meeting of the board of directors, of the directors present, all EBGL nominated directors in the JVC or all BEL nominated directors in the JVC vote against or abstain from voting on the resolution (unless one of their number proposed the resolution); or
- c. where it is a meeting of shareholders of the JVC, all the holders of the EBGL shares or all the holders of the BEL shares vote against or abstain from voting on the resolution (unless one of their number proposed the resolution).

Within 10 days from the occurrence of a deadlock, either party may issue a notice to the other party informing it of the existence of the deadlock. On the date of service of such notice, the parties will refer the matter to the chairman of the board of directors of the JVC or such other senior management of each of the shareholders' group (i.e. EBGL and BEL) for resolution and they will use all reasonable endeavours in good faith to resolve the dispute within 10 business days from the date the deadlock matter is referred to the chairman of the board of directors or such other senior management of each of the shareholders' group.

Resolution of Deadlock

In the event that the parties are unable to resolve a deadlock within 10 business days from the date the deadlock matter is referred to the Chairman of the board of directors or such other senior management of each of the shareholders' group, then either party may issue a deadlock resolution notice (served within 15 days after lapse of the above 10 days) where under the serving party shall offer, at the price for each share specified in the notice (in cash and not on deferred terms), to either sell all its shares in the JVC to the receiving party or to buy all the shares in the JVC of the receiving party. The deadlock notice may not be revoked.

The receiving party of a deadlock resolution notice may choose to do either of the following; at the price for each share specified in the deadlock resolution notice, by serving a counter-notice within 20

business days of receiving the deadlock resolution notice (a) buy all the shares in the JVC of the serving party; or (b) sell all its shares in the JVC to the serving party.

If, however, no counter-notice is served within the period of 20 business days, the receiver of the deadlock resolution notice is deemed to have accepted the offer in the deadlock resolution notice at the expiry of that period.

The service of a counter-notice or deemed acceptance of the deadlock resolution notice will bind each of the parties to buy and sell the shares (as the case may be). It was agreed by the parties that in the event that both parties serve a deadlock resolution notice under the Joint Venture Agreement, the notice containing the highest price per share shall be the effective one. If at the end of the 20 business day period specified earlier neither party has served a deadlock resolution notice then either may elect by written notice served on the other party for the JVC to be wound up.

A deadlock notice shall relate to all (and not some) shares held by the concerned party.

Management

Save for the matters expressly reserved to the parties as shareholders and/or directors of Palm Developments as set out above, the Company will be responsible for the supervision and day to day management of Liberian Palm Developments Limited and its business in accordance with the terms of the management services agreement to be entered into between the Company and the JVC. The said agreement shall be on industry standard terms and conditions and the Company shall make an announcement in relation to the same once terms have been agreed.

Accounts

The financial year end of Palm Developments will be 31 December and the accounts will be prepared in accordance with IFRS. The first auditors of Palm Developments will be an appropriate firm for a business of this nature and the Parties shall mutually agree on the firm to be appointed.

Business Plan

The management of Palm Development will prepare an annual business plan for approval by the Parties as shareholders and quarterly management accounts with monthly reports, which will be sent to the Parties as shareholders (together with such other financial and operational information as they may reasonably require from time to time).

Dividend Policy

The parties to the Joint Venture Agreement intend that Palm Developments will distribute by way of dividend at least 50 per cent. of profits available for distribution in each financial year after deduction of taxation, unless they agree otherwise. No distributions shall however be made until any and all loans to Palm Developments from either of the JVC parties have been repaid in full.

Sustainability and Social & Ethical Responsibility

As stated in the Admission Document the Company is committed to developing the Liberian Palm Oil Projects in a sustainable manner and as part of that commitment had joined the Roundtable on Sustainable Development Palm Oil (“RSPO”) on 11 September 2007 and intends on commencement of production of CPO to become a certified RSPO producer. Under the terms of the Joint Venture Agreement the parties have agreed that Palm Developments shall also seek to become a certified RSPO producer on commencement of production.

The parties to the Joint Venture Agreement have further agreed that Palm Developments shall honour the commitment of the Company to:

- a) conduct its agro-forestry in a sustainable manner, with the aim of ensuring that the benefits of producing palm oil do not come at the cost of destruction of the environment, the misuse of water and other natural resources, or a loss of biodiversity; and
- b) the economic and human development of Liberia, conducting its business activities in accordance with international best-practice and endeavouring to ensure that the benefits of its investments will be felt by the local communities in the areas under management.

Warranties of the Company

Under the terms of the Joint Venture Agreement the Company has provided customary warranties to BEL for a transaction of this nature, including in particular warranties as to the good standing of EBFM and EPOM (and their respective Liberian subsidiaries), the information disclosed regarding the Liberian Palm Oil Projects, and the Investment Agreements and Memorandum of Intent.

General

If either party to the Joint Venture Agreement becomes insolvent or being dissolved or unable to pay its debts within the meaning of the insolvency legislation or if a step has been taken to initiate a process whereby creditor's claims are restricted or if the creditors have accepted to an amount lesser than the sums owed so as to prevent dissolution of the party or a person is appointed to manage the affairs, business and assets of a party on behalf of the creditors or a holder of charge over assets of a party is appointed to control the business and assets of the party, the other party shall be entitled to purchase its shares at a price to be determined by an independent expert.

If Palm Developments is wound up, the parties will endeavour to ensure that assets are disposed of and the parties share the proceeds in proportion to their shareholding in Palm Developments.

The Joint Venture Agreement and all negotiations and any legal agreements prepared in connection with the Joint Venture, and any dispute or claim arising out of or in connection with them or their formation shall be, governed by, and construed in accordance with, the law of England and Wales and any such dispute or claim shall be referred to arbitration to a sole arbitrator appointed under the rules of the Singapore International Arbitration Centre (SIAC). The courts of England and Wales have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Joint Venture.

PART III
NOTICE OF GENERAL MEETING
EQUATORIAL PALM OIL PLC

(Incorporated and registered in England and Wales with registered number 5555087)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a General Meeting of the Equatorial Palm Oil Plc ("**the Company**") will be held at 200 Strand, London WC2R 1DJ on 29 December 2010 at 11.00 a.m. local time for the purposes of considering and, if thought fit, approving the Resolution which will be proposed as an ordinary resolution (defined terms have the same meaning as set out in the circular to Shareholders dated 10 December 2010):

1. **THAT** the Restructuring and Financing by the Company in accordance with the terms of the Sale Agreement and the Joint Venture Agreement be approved and that the Directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the intentions of the parties under the Sale Agreement and the Joint Venture Agreement (including by waiver or variation of the terms and conditions of the Sale Agreement and the Joint Venture Agreement).

Dated: 10 December 2010

Registered Office
One America Square
Crosswall
London
EC3N 2SG

John Bottomley, Company Secretary
by order of the Board
10 December 2010

- (i) A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his place on a show of hands or on a poll provided that each proxy is appointed to a different share or shares. A proxy need not be a member of the Company.
- (ii) As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001 Shareholders who hold shares in uncertificated form must be entered on the Company's share register at 11.00 a.m. on 23 December 2010 in order to be entitled to attend and vote at the General Meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
- (iii) A form of proxy is enclosed with this notice for use in connection with this business set out above. To be valid, forms of proxy and any power of attorney or other authority under which it is signed must be lodged with Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL by not later than two working days prior to the time fixed for the meeting.
- (iv) Completion and return of a form of proxy does not preclude a member from attending and voting at the General Meeting or at any adjournment thereof in person.
- (v) In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy or the form of instruction but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.

PROXY FORM

EQUATORIAL PALM OIL PLC

I/We (Block Letters).....
of
being a member/members of the above-named Company hereby appoint the Chairman of the General Meeting or
*
of.....
as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 200 Strand, London WC2R 1DJ on 29 December 2010 at 11.00 a.m. and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the Resolution as indicated by an X in the appropriate box.

ORDINARY RESOLUTION

For Against Abstain

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. THAT the Restructuring and Financing by the Company in accordance with the terms of the Sale Agreement and the Joint Venture Agreement be approved and that the Directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the intentions of the parties under the Sale Agreement and the Joint Venture Agreement (including by waiver or variation of the terms and conditions of the Sale Agreement and the Joint Venture Agreement.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|--------------------------|

* If it is desired to appoint another person as a proxy delete the words “*the Chairman of the General Meeting or*” then insert name and address of the proxy, who need not be a member of the Company, inserted. Unless otherwise directed, and in respect of any other resolution properly moved at the Meeting, the proxy will vote, or may abstain from voting, as he thinks fit,

DATED THIS day of 2010

SIGNATURE

Notes:

- (1) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on his behalf on a show of hands or on a poll. A proxy need not be a member of the Company.
- (2) Forms of proxy, together with any power of attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and, to be valid, must reach the Registrars of the Company at Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than two working days before the time appointed for the holding of the meeting. Proxy forms may be faxed to +44 (0) 1252 719232
- (3) If the appointor is a corporation, the form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- (4) The appointment of a proxy does not preclude a member from attending and voting at the meeting.
- (5) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- (6) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (SI 2001/3755 only those shareholders on the Register of Shareholders at 11.00 a.m. on 23 December 2010 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, a shareholder must be entered on the Company’s Register of Shareholders at the time which is two working days before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- (7) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact the Company’s Registrar at the address given in Note 2 above (Tel. +44 (0) 1252 821390)) and make necessary arrangements.
- (8) As at the close of business on 9 December 2010, the Company’s issued share capital comprised 117,530,099 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company, and therefore the total number of voting rights in the Company as at the time and date given above is 117,530,099.