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The whole of this document should be read. 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 also drawn to the section headed "Risk Factors" which is set out in Part II of this document.

This document comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies. This document is not an approved prospectus for the purposes of section 85(7) of the Financial Services and Markets Act 2000, has not been drawn up in accordance with the Prospectus Rules and has not be approved by or filed with the Financial Services Authority. This document does not constitute an offer of transferable securities to the public within the meaning of FSMA or otherwise.

The Directors of the Company, whose names appear on page 5, accept responsibility for the information contained in this document (and in the case of the Directors accept responsibility individually and collectively). 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 there is no omission likely to affect the import of such information.

Application has been made for the whole of the Ordinary Share capital of the Company to be admitted to trading on the AIM Market of the London Stock Exchange. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been made, or is being made, for admission of the Ordinary Shares to any other recognised investment exchange. The Directors expect that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 1 September 2008.

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 UK 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 itself examined or approved the contents of this document.

BIOENERGY AFRICA LIMITED

(Incorporated and Registered in the British Virgin Islands under the BVI Business Companies Act 2004 with company number 1402067)

Placing of 68,825,600 Ordinary Shares at 12.5p per share
and
Admission to trading on AIM

Nominated Adviser	*Broker*
Seymour Pierce Limited	**Haywood Securities (UK) Limited**

The following table shows the authorised and issued share capital of the Company as it is expected to be on Admission following completion of the Placing:

Authorised		*Issued*
1,000,000,000	Ordinary Shares of no par value	332,431,200

All of the Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all the dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Seymour Pierce, which is authorised and regulated by the Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules and for the purposes of Admission and is acting exclusively for the Company in connection with Admission. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director. Seymour Pierce will not be responsible to anyone, other than the Company, for providing the protections afforded to clients of Seymour Pierce or for advising any other person on the arrangements described in this document or any transaction or arrangement referred to in this document. No representation or warranty, express or implied, is made by Seymour Pierce as to the contents of this document for which the Directors whose names appear in page 5 are solely responsible, including individual and collective responsibility for compliance with the AIM Rules. Seymour Pierce has not authorised the contents of, or any part of, this document, and (without limiting the statutory rights of any person to whom this document is issued) no liability whatsoever is accepted by Seymour Pierce for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and the Directors are solely responsible.

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Haywood Securities (UK) Limited, which is authorised and regulated by the Financial Services Authority, is acting as the Company's broker exclusively for the Company for the purposes of the AIM Rules and in relation to Admission and is not acting, and will not be responsible to any other person, other than the Company, for providing the protections afforded to customers of Haywood Securities (UK) Limited or for advising any other person on the contents of this document or any transaction or arrangement referred to in this document. No representation or warranty, express or implied, is made by Haywood Securities (UK) Limited as to any of the contents of this document.

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Persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Placing.

This document has not been, and will not be, registered under the laws and regulations of the British Virgin Islands, nor has any regulatory authority in the British Virgin Islands passed comment upon or approved the accuracy of adequacy of this document.

This document and the Placing are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (2003/71/EC) (the "Prospectus Directive") being Qualified Investors (as defined in the Prospectus Directive). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, Qualified Investors who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or who are high net worth entities falling within Article 49 of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this document relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the European Economic Area other than the United Kingdom. This document contains no offer to the public within the meaning of Section 102B of the Financial Services and Markets Act 2000, the Companies Act 1985 (as amended) or otherwise.

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Each person in the United States purchasing Placing Shares will be required to give representations as to, among other things, the person's status as a QIB or an "accredited investor" as defined in Rule 501 under the US Securities Act.

Purchasers of the Placing Shares may not offer, sell, pledge or otherwise transfer the Placing Shares except (a)(i) in an offshore transaction meeting the requirements of Regulation S; (ii) pursuant to an available exemption from the registration requirements of the US Securities Act; or (iii) pursuant to an effective registration statement under the US Securities Act; and (b) in accordance with all applicable securities laws of the States of the United States and other jurisdictions. See Section 14.2 – "Sales Restrictions" in this document for further information about transfer restrictions applying to the Placing Shares.

As it is not clear whether the Company currently qualifies as an operating company for the purposes of Regulation 29 C.F.R. §2510.3-101 promulgated by the U.S. Department of Labor, as amended by Section 3(42) of ERISA (the "US Plan Asset Regulations"), the Company and its assets may become subject to ERISA and Section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), if 25 per cent. or more of the Ordinary Shares are owned by US Benefit Plans. In order to prevent the Company and its assets being subject to ERISA and Section 4975 of the Code, under the Company's Articles of Association, a US Benefit Plan may be required to sell some or all of its Ordinary Shares to a non-US Benefit Plan so as to reduce the total ownership interest of US Benefit Plans in the Ordinary Shares to below the 25 per cent. threshold. For further information, see Section 14.2 – "Sales Restrictions-ERISA Considerations" in this document.

The Placing Shares offered hereby have not been approved, disapproved or recommended by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority. None of these authorities has passed on or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Company is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended (the "US Securities Exchange Act"). In order to permit compliance with Rule 144A in connection with resales of the Placing Shares, the Company agrees to furnish upon request of a shareholder or a prospective purchaser the information required to be delivered under Rule 144A(d)(4) of the US Securities Act if at the time of such request the Company is not a reporting company under Section 13 or Section 15(d) of the US Securities Exchange Act, or is not exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Philippe Henri Edmonds MA (Cantab) *(Chairman)* Izak Cornelis Holtzhausen *(Development Director)* Andrew Stuart Groves *(Non-Executive Director)*
Secretary	Philip Enoch MA (Oxon)
Assistant Secretary	Codan Managements (B.V.I.) Ltd
Registered Office	Romasco Place Wickhams Cay 1 PO Box 3140, Road Town Tortola, British Virgin Islands
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Nominated Adviser	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
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Depositary	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU
Solicitors to the Company	*As to English law:* Salans Millennium Bridge House 2 Lambeth Hill London EC4V 4AJ *As to BVI law:* Conyers Dill & Pearman Romasco Place Wickhams Cay 1 PO Box 3140, Road Town Tortola, British Virgin Islands
Solicitors to the Placing	McCarthy Tétrault, Registered Foreign Lawyers and Solicitors 5 Old Bailey London EC4M 7BA
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Auditors	Baker Tilly UK Audit LLP 2 Bloomsbury Street London WC1B 35T
Website	www.bioenergyafrica-ltd.com

ADMISSION STATISTICS

Placing Price	12.5p
Number of Ordinary Shares to be issued pursuant to the Placing	68,825,600
Number of Ordinary Shares in issue at Admission	332,431,200
Gross Proceeds of the Placing	£8.6
Market capitalisation at the Placing Price on Admission	£41.5 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	20.7%
ISIN for Ordinary Shares	VGG1119K1049

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	27 August 2008
Admission effective and dealings expected to commence	1 September 2008
CREST accounts credited by	1 September 2008
Despatch of definitive share certificates by	15 September 2008

PART I

INFORMATION ON THE COMPANY

1. Introduction

Focused on southern Africa, the Company has been formed to develop the production of ethanol from sugar cane projects in order to supply the increasing demand for bio-fuels across the world. Sugar cane is considered the most efficient, commercially viable ethanol feedstock and southern Africa has the potential to be one of the most cost effective regions for sugar cane production.

Three key global issues have brought biofuels to the forefront of world energy markets: (i) rising global energy demand coupled with increasing fossil fuel prices; (ii) geopolitical instability, engendering industrialised nations increasingly to seek energy independence; and (iii) global warming.

Biofuels such as ethanol derived from sugar cane represent a low carbon alternative to fossil fuels in transportation. As a result, governments across the globe have enacted legislation requiring minimum ethanol blends in petrol.

The Directors of the Company are experienced in agriculture and natural resource start-up companies, and the raising of funds on international capital markets. Furthermore, the board comprises individuals with expertise in evaluating acquisition and investment prospects and in the day to day management of public companies. The Directors intend to strengthen the Board in step with the Company's development and are currently in the process of recruiting a Chief Executive Officer.

With the Company's initial project based in Mozambique and the experience of the Board, the Company is well placed to capitalise on the increasing world demand for ethanol. The Directors are also investigating other commercial opportunities relating to sugarcane and ethanol production. These investigations include opportunities in other southern African countries, some of which have historically been significant producers of sugar cane.

In order to comply with the investment requirements under the Investment Agreement, and to enable the Company to invest in other commercial opportunities relating to sugar cane and ethanol production in southern Africa the Company will require further funding. The Directors will consider both equity capital or debt funding, when required, in order to complete the project depending on market conditions and the availability of debt or equity funding to the Company at the relevant time.

2. Ethanol

Ethanol (bio-ethanol) or ethyl alcohol (C_2H_5OH), is a clear colourless liquid which is biodegradable and low in toxicity. Ethanol can be obtained from the conversion of carbon based feedstock, such as sugar cane, and is produced by the sugar fermentation process. Sugar cane is a renewable resource and, being CO_2 neutral, ethanol does not add to the stock of total carbon dioxide in the atmosphere when burned.

Another advantage of ethanol is the ease with which it can be easily integrated into the existing road transport fuel system. With no modification, no effect on vehicle warranties and no reduction in performance for the consumer, existing cars can run on E10, a blend of 90 per cent. petrol and 10 per cent. ethanol. Vehicles which run on 100 per cent. ethanol are being developed and flexible fuel vehicles are available to consumers. These flexible fuel vehicles can run on petrol or ethanol or a mixture of both, the most common being an 85 per cent. ethanol blend (E85). Existing fuel pumps can be used for E10 blends. Products and infrastructure for E85 blends are already being converted in various countries.

In 2006 global ethanol fuel production was estimated at 48 billion litres and is expected to increase to 100 billion litres by 2010. To meet 2010 ethanol usage projections existing production must substantially increase.

3. Massingir Fuel Ethanol Project (the MFEP)

MFEP was approved by Mozambique's Council of Ministers on 19 September 2007 and ProCana's aim is to develop MFEP to its forecast maximum capacity as quickly as possible.

On 10 October 2007, ProCana signed the Investment Agreement with the Government of Mozambique pursuant to which ProCana is entitled to develop 30,000ha in Massingir District, Gaza Province, Mozambique, encompassing approximately 24,500ha of planted sugar cane, an ethanol from sugarcane plant, bagasse electricity plant, new transport infrastructures and an additional 11,000ha out-grower scheme.

On 12 August 2008 the Company acquired 94 per cent. of the share capital of ProCana Limitada, a Mozambican company which was formed to develop the possibilities of ethanol production from sugar cane in the region. The remaining 6 per cent. is held by ProCana's founders: Biolimpopo Limitada, a Mozambican company (5 per cent.) and by Izak Cornelis Holtzhausen (1 per cent.). Biolimpopo Limitada represents local interest in the Gaza Province.

3.1 ***Project Location***

The nearest town is Massingir, located on the north western perimeter of the estate. Population and development is otherwise sparse in the region with only a few small villages. Chokwe, the nearest major town, lies about 90kms to the south east of Massingir and is connected by a tarred road. Chokwe is a strategic point on the Limpopo railway which runs south from the Zimbabwe border at Chicualacuala to the Port of Maputo. Maputo, the capital of Mozambique and a major port, is located some 310kms from the estate and Johannesburg is approximately 800kms distant.

3.2 ***Estate Area***

Situated in Gaza Province in south western Mozambique, the estate's north-west boundary is 5kms south of the Massingir dam, from where it runs south east for approximately 36kms bordering the Chokwe road. The estate has a circumferance of more than 100kms and at its most distant points the estate is 36kms long. To its east is the Olifants River which feeds the Massingir reservoir and then flows into the Limpopo River. The north bank of the Olifants River forms the border of the Great Limpopo Transfrontier Reserve, a regional game park formed by South Africa, Mozambique and Zimbabwe.

The estate's boundaries, enclosing 30,000ha, were registered by the Provincial Geography and Cadastral Service of Gaza province on provisional certificate 62/2007 on 17 January 2007. This was superseded by a provisional DUAT issued by the National Directorate of Land and Forests on 8 October 2007. In addition land totalling almost 11,000 ha has been identified between the estate's eastern boundaries and the Olifants River for the development of an out-grower scheme, whereby local farmers, with the support of ProCana, can grow sugar cane and sell its harvests to MFEP for further ethanol production.

All land in Mozambique is exclusively owned by the state. The state has the power and ability to determine and prescribe the conditions for use and development of any parts of the land by individuals or corporate entities (both Mozambique nationals and foreigners), including the power to grant to any person a DUAT.

ProCana has already been granted a provisional DUAT in respect of the MFEP estate for an initial two year period (expiring in October 2009) and prior to its expiration (or extension) will seek a definitive DUAT for a fifty year period. In accordance with the terms of the provisional DUAT, ProCana is required to submit an exploration plan to the National Directorate of Land and Forests with which it must comply, within the period of the provisional DUAT.

The definitive DUAT will only be issued in favour of the Company if the Company complies with its obligations assumed under:

- the exploration plan; and
- certain specific provisions of the Investment Agreement relating to the creation of favourable infrastructure and operating conditions in relation to the farming of cattle for the Project's local community (prior to 31 December 2008).

The Directors believe that ProCana will have no difficulty complying with these obligations.

The granting of a DUAT allows the holder thereof to construct or develop upon a specific land plot and to register any building or infrastructure which is constructed or developed on that land plot, in its name. Registration of buildings or infrastructure which have been constructed in pursuance of a particular DUAT gives ownership rights in respect of such buildings or infrastructures to the title holder of the DUAT.

3.3 ***Estate Development***

MFEP is situated on a combination of green-field land and abandoned small holder agricultural land.The estate is predominantly covered in bush which has been damaged by fires caused by unlicensed charcoal production taking place within the proposed boundaries of the estate.

The gross area of the estate is 30,000ha. After taking account of land used for roads and infrastructure, including the ethanol plant, and a small portion not suitable for development, the net area to be cultivated is expected to be approximately 24,500ha.

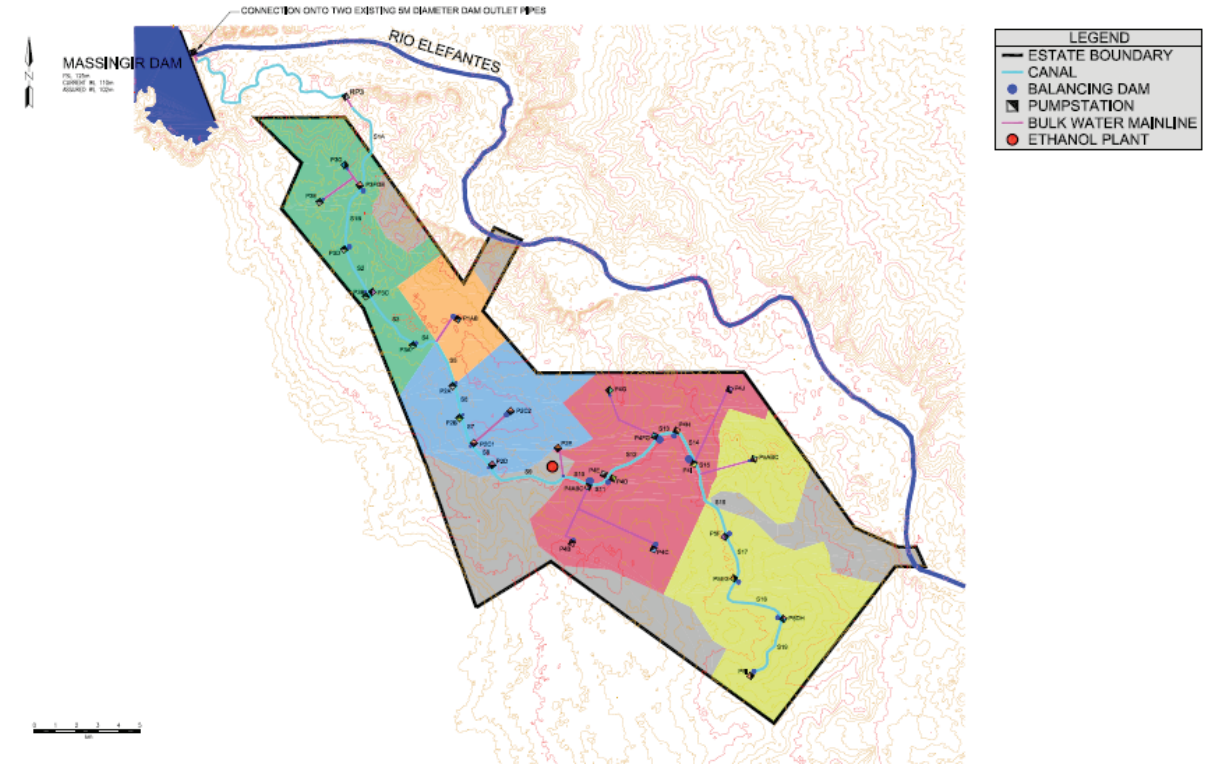
The development of the estate requires the site to be prepared by clearing any existing bush, levelling, tilling and forming a network of field roads and drains. In addition ProCana plans to introduce a state-of-the-art, sub-surface drip irrigation technology. The drip irrigation system will require a bulk water supply system bringing water from the Massingir dam reservoir via a series of bulk water pumps and a canal running through the estate. According to the engineering report prepared by MBB this system would consist of approximately 56kms of canals and pipelines to 4 pump stations. In addition, the intention is to develop an electricity transmission system and an extensive road network on the estate.

The Directors are currently working to a five stage development plan. Phase 1 (currently underway), involves clearing the land designated for the cane nursery, planting the seed cane and preparing the estate for future infrastructure. Each subsequent phase of the project expands the estates production area and includes the development of the ethanol plant and associated infrastructure. The Directors are aiming to achieve full production by 2015.

To expedite the process ProCana has already commenced work preparing the nursery for propagation of seed cane, from stock which has been purchased in South Africa. The Company is utilising land adjacent to the estate on which there is a disused 150ha irrigation project established by donors to allow the local population to grow vegetables but which has since fallen into disrepair. The Company has agreed that it will refurbish the irrigation scheme and provide agricultural extension assistance to the local community in return for which the Company will be able to establish a cane nursery on 125ha of the land on which the disused irrigation project is located.

Changes may be made to the development plan (part of the Master Plan) to take advantage of technological advances, if in the Directors opinion adapting such changes would result in an economic advantage to MFEP or if they believe it to be in the best interests of MFEP. ProCana is required to carry

out an environmental impact study before initiating the implementation of MFEP therefore the Master Plan may be subject to changes as a result of the environmental impact study.



3.4 *Soil and climate*

The Olifants and Limpopo rivers, which have changed course over time, have formed a fairly broad alluvial plain with extensive areas of alluvial soils. In the Massingir area, the alluvial plain of the Olifants can be as wide as 15kms on either bank. As a part of the preparation of the Master Plan, a limited reconnaissance survey of 75,000ha of land on the right bank of the Olifants River, downstream of the Massingir dam was carried out. The survey revealed that where the estate is located, most of the soils are deep, well drained sandy type soils and will support a sugar cane crop.

It is intended that detailed soil mapping will be carried out to accurately delineate soils to determine the final design of the irrigation scheme, land clearance and bulk water supply. During this exercise the area of irrigable land available for cultivation may increase or decrease and the Directors may have to amend the phased Master Plan as appropriate.

3.5 *Potential yields*

Based on the 'Canegro Model' which assumed a moisture per cent. cane value of 70 per cent. in all months, (i.e. the dry mass represents 30 per cent. of the cane's total mass), average potential yields of 162.9 t/ha/an of cane are anticipated (48.9 t/ha/an of dry matter).

The model was run for a nine month season from April to December and gave a benchmark yield demonstrating that 163 t/ha/an is technically feasible and more specifically:

- Yield range was between 154.9 t/ha/an in August and 179.1 t/ha/an in April, the early season. This is consistent with comparable sites in Mozambique, South Africa and Swaziland;
- Cumulative annual radiation was 7.486 MJ/m^2/an, compared with 6,289 MJ/m^2/an at Xinavane in Mozambique and 6,464 MJ/m^2/an at Malelane in South Africa;
- Average cumulative thermal time budget was calculated at 5,245 degree days, compared with 4,841 degree days at Xinavane and 4,777 degree days at Malelane.

The estate is sub-tropical and semi-arid, with summer rains from October to March and cool dry winters from May to August. Long term climate data from Massingir, Chokwe and the environs shows annual

average rainfall of 483mm, with annual average evaporation of 1,754mm, an average temperature daily maximum 31.6ºC and minimum of 17.2ºC, but with no frost and 2,992 hours of sunshine per annum. Due to these favourable sugar cane growing conditions the Directors anticipate ProCana will be able to take advantage of an above industry average cutting season as high as 310 days.

Whilst one aim of the Company is to maximise yields per hectare, this must be balanced with how best to manage the cane fields within the parameters of the mill and plant. A long harvest season is preferable to a short one as it permits the economic use of labour and machinery. Fields of cane, therefore, must mature in succession over a period of months and this is to be achieved through the use of different varieties which mature at different times in the harvesting season.

Although ProCana aims to reach production levels of 160t/ha/an, for forecasting purposes it has set an initial target yield of 130t/ha/an. At this yield, the estate's cane producing capacity is expected to peak at 3 million tonnes in 2015 (not including the outgrowers scheme), but reduce slightly from 2020 when replanting commences. The Directors will strive for higher production levels as efficiency increases and as irrigation and fertigation use is fine tuned and the effects of specific local conditions are optimised.

3.6 ***Water supply and irrigation***

Climatic conditions in southern Africa favour commercial sugar cane production, but irrigation is required throughout the year. One of the project's foundations, however, is that the availability of water from the Massingir dam system makes irrigation a controllable input.

The 4.5 km long Massingir dam wall was constructed following a 1971 agreement between the governments of Portugal and South Africa. Initially the dam functioned at 40 per cent. of its theoretical capacity due to problems in the foundations. Following further investment and a recent two year rehabilitation programme the dam can now be fully utilised with a storage capacity of approximately 2,800 million-m^3.

ProCana has obtained a guarantee from the Mozambican government to enable it to use up to 750 million-m^3/year with a water licence being granted once the final design for the extraction of the water has been submitted.

MBB designed three in-depth feasibility plans for the bulk water scheme. The Directors' preferred design extracts water directly from the Massingir dam requiring one level lift pumping station to deliver water into a main concrete open lined canal as the main water carrier. To expedite the project the Directors intend to install a temporary extraction pump directly from the dam with a direct coupling to the outflow pipe to be installed during the development of MFEP.

The Company is currently in discussion with Netafim of Israel for the design, provision and installation of a state-of-the-art sub-surface drip irrigation system. The proposed system would be monitored by computer and would allow management to control, tailor and log, water and fertiliser applications down to the level of each individual block.

Whilst the Directors have a preliminary field irrigation design, sugar estates commonly use more than one type of irrigation system due to their size, differing soil types and land topography and to achieve maximum yields in the most cost effective way. In addition, the Directors will consider factors such as installation and replacement cost, water use efficiency, management and labour costs and skills, and yield potential.

3.7 ***Plant***

The Company is in discussions with Dedini of Brazil to supply a turnkey ethanol plant. The Directors are considering a modular plant in which capacity can be increased in phases as sugar cane production increasing. Dedini has indicated that it is possible that phase 1 can be operational within 18 to 24 months of signature of a contract and phase 2 can be operational 12 months after the completion of plant phase 1. Phase 1 is expected to have capacity to produce up to 600,000 litres of ethanol per day. Phase 2 would double total plant capacity to 1,200,000 litres of ethanol per day.

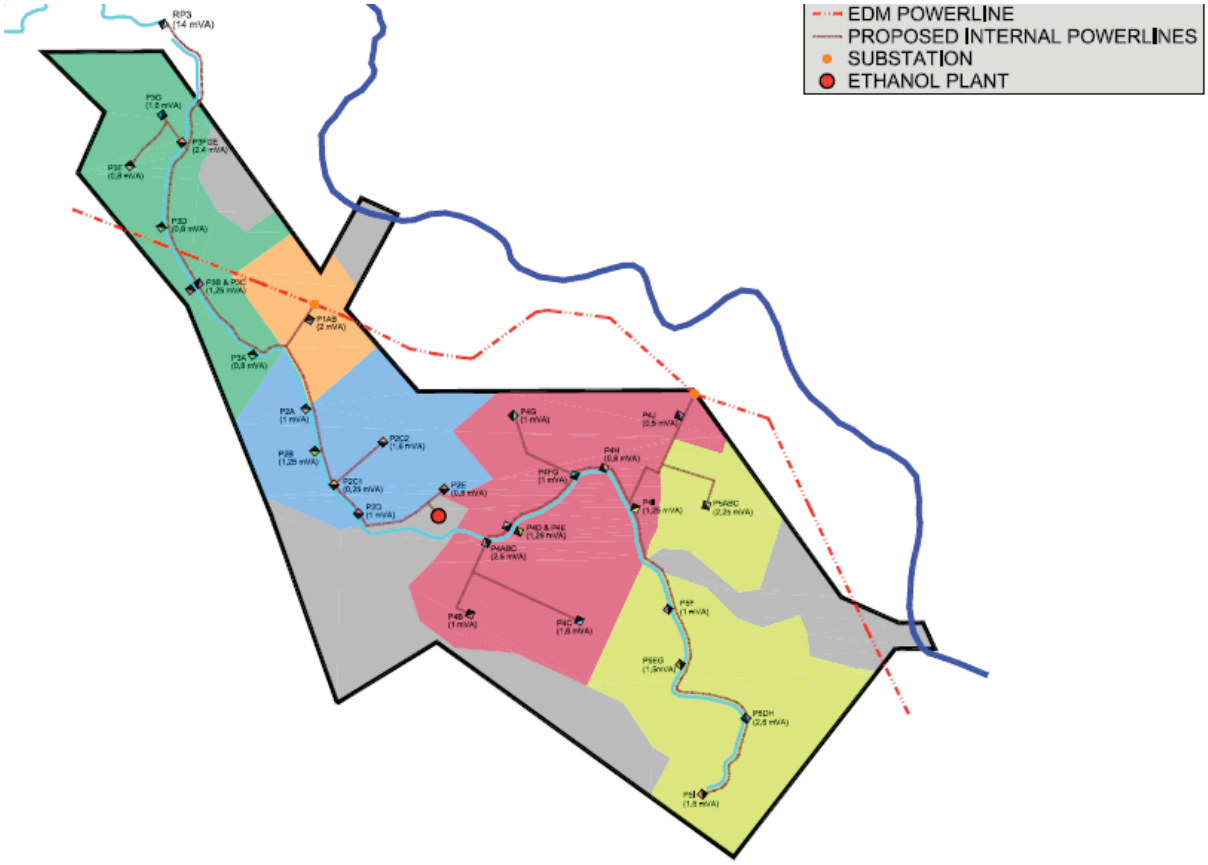
Dedini also offers a dual-functioning plant with the capacity to produce sugar and/or ethanol. To take advantage of potential fluctuations in future ethanol and sugar prices, the Directors are considering this option. Furthermore, should the production of cellulosic ethanol become commercially viable, Dedini has indicated plans to develop a cellulosic processing module that can be integrated into its existing plants.

This would allow the Company to produce sugar cane ethanol, and from the plantation wastage, cellulosic ethanol, thereby increasing total ethanol production.

In order to build and operate the plant ProCana will require an industrial licence to be issued by the Government of Mozambique. This will only be granted upon submission by ProCana of the final environmental plans and plant design. Provisional approval for a sugar cane processing plant is included in the Investment Agreement.

3.8 *Infrastructure*

The estate will require an electrical reticulation system which links its generation plant to Mozambique's national electricity grid, and which transmits power to the ethanol plant, pumps, offices, housing and to irrigation cluster-houses located all around the estate. It is envisaged that initial electricity supplies will be from a diesel generator but Electricidada de Mocambique has already commenced installation of power lines to the area. When the project is in full operation, it is expected that it will generate its own electricity from the burning of bagasse, a carbon neutral by-product of the manufacturing process, sufficient enough to power the plant, the irrigation system and estate infrastructures, with any surplus power being sold back to the Mozambique national grid.



Between its most distant points, the estate is 36kms long and assuming the plant is situated at the estate's centre, once the project is fully implemented over 3 million tonnes of cane will have to be transported up to 18kms for processing. The Directors intend to develop an extensive internal road transport network which, once ethanol production has commenced, can be sealed with Vinasse, an organic by-product of the manufacturing process.

Other general infrastructure required by MFEP includes offices, equipment sheds and workshops, stores, fuel store, a sewerage system and housing for corporate, plant and estate senior and middle management. Heavy earthmoving and land preparation equipment, including graders, bulldozers and excavators is required during the development phase. Presently, it is expected that most heavy equipment will be acquired as a part of any land clearance contract and either retained for ongoing use or sold following installation of the infrastructure. ProCana intends to make use of state of the art, GPS assisted machinery both in the land preparation and irrigation installation which is expected to result in cost savings and

efficient installation to enable early productivity. In addition the Company will require a selection of passenger vehicles, pickups, minibuses and motor bikes.

3.9 ***Market***

ProCana anticipates its market for the ethanol it will produce will most probably be for long term supply contracts to end user companies on a FOR ex-plant or FOB Maputo basis. Domestic ethanol sales are likely to be to either Petromoc, the state oil company of Mozambique, or one of the multinational companies operating in Mozambique.

Within Africa, South Africa is currently the largest consumer of ethanol and is expected to be the Company's most immediate market for ethanol sales. As a result of its recent ban on corn ethanol and in order to meet its mandatory ethanol blend requirements, South Africa will most likely be a net importer of ethanol.

Mozambique currently enjoys favourable tariff exemptions with various countries outside Africa. For example, ethanol imports are exempt from duties and tariffs from the United States and states within the European Union. As many countries strive to meet their legislated ethanol blend requirements their reliance on imported ethanol may increase. Further sales avenues will be considered by the Directors as the market develops.

3.10 ***Transportation***

Ethanol will be transported to Maputo, where Mozambique's main port and rail links are located. The nearest rail link to the estate is located in Chokwe approximately 40kms from the centre of the estate. Between Chokwe and Maputo is a 240kms rail link from where the line is linked with railways to South Africa and Swaziland. There is presently no rail line linking the estate and Chokwe, and ProCana is investigating the options for the construction and operation of a 30 to 40kms spur. In the interim the Directors intend to road haul ethanol to Chokwe, where ProCana intends to construct a road rail transfer depot. There is currently a bulk liquid terminal being constructed in Maputo which ProCana expects to use for exporting.

3.11 ***Employees and the local community***

It is anticipated that ProCana will be a major employer in the region, employing up to 800 full time staff and up to 6,500 seasonal workers once production is established. It is expected that the balance of the workforce will come from people relocated from the trans-frontier national park. The Company will provide some low cost housing and expects to make a contribution to the development of community infrastructures such as a small hospital, health posts, schools and recreational facilities as well as providing training and courses relevant to the Company's business for its workforce.

ProCana is required pursuant to the terms of the Investment Agreement to employ 7,000 Mozambican employees directly by 2013 and to develop infrastructure and pastural improvements by the end of 2008, to guarantee pasture for the cattle for some of the local population of Chinhangane, Banga and Chitar (including those resettled from Nanguene and Macavene), and by the end of 2010, for the local population of Zulo, Mucatine and Manhica (including those resettled from Massingir Velho, Bingo and Mavodze). Further details can be found in the paragraph regarding the Investment Agreement below.

4. Investment Agreement

The Investment Agreement was duly executed on 10 October 2007 following approval of MFEP by the Government of Mozambique on 19 September 2007. Under the terms of the Investment Agreement, ProCana's shareholders are committed to invest an amount equivalent to US$510,042,136 into ProCana over a period of 15 years from the date of the agreement by a combination of direct investment by the shareholders and debt financing.

According to the Investment Agreement, US$29,000,000 is to be supplied to ProCana by way of "direct foreign investment" (i.e. by the Company) and US$6,000,000 is to be supplied by way of "direct national investment", each within five years from the date of the agreement.

Under the terms of the Investment Agreement the government of Mozambique has granted tax and customs incentives to ProCana in consideration for the investments described above being made into ProCana and ProCana complying with its obligations under the Investment Agreement.

The sanctions for non-compliance with obligations under the Investment Agreement depend on the nature of the breach. In the event of non-fulfilment of the Company's obligations relating to provision of suitable favourable conditions for the local community, approval for the next phase of the MFEP may be withheld by the Government of Mozambique. In respect of any other breaches, and in particular, the failure by the Company to invest and procure the investment (as applicable) of the minimum required investment amount of US$510,042,136 within a period of 15 years from the date of the agreement, the Government will be entitled to terminate the Investment Agreement. The effect of such termination would be the withdrawal by the government of the tax and customs incentives granted to ProCana and the requirement for reimbursement in respect of an amount equal to the incentives already granted to ProCana.

Notwithstanding this, the Company could still undertake its activities as a normal company, as such termination would not affect either the provisional or any future definitive DUAT. In practice, as far as the Directors are aware, as long as the Government of Mozambique is informed on any progress and/or delays in respect of a project of this kind, such sanctions are not usually applied.

The Corporate Income Tax rate in Mozambique is 32 per cent., and VAT is charged at 17 per cent. However, under the terms of the Investment Agreement, ProCana shall enjoy certain corporate tax benefits, as follows:

- Tax credit of 20 per cent. of the total investment made pursuant to the Investment Agreement, to be deducted from the Corporate Income Tax due to be payable by ProCana (such deduction limited to the amount of the tax actually due), during the period of ten financial years from the date of grant of the industrial licence;
- Deduction to the taxable income, for purposes of Corporate Income Tax, of 5 per cent. of the investments made in professional training of Mozambican workers, during the period of five financial years from the date of grant of the industrial licence. This deduction may increase to 10 per cent. if the investment made relates to training in respect of technologically advanced equipment;
- Deduction to the taxable income, for purposes of Corporate Income Tax, of an amount equal to 150 per cent. of ProCana's expenditure in respect of the construction and rehabilitation of public infrastructure (as may be approved by the Mozambique revenue authority).

Dividends as well as interest payments on shareholders loans are subject to withholding tax at the flat rate of 20 per cent. There is no double taxation treaty between Mozambique and the United Kingdom.

The bush clearance necessary for MFEP has been authorised by the Provincial Services of Forests and Wild Fauna, pending a full inspection, and provisional authorisation has been granted for the growth of sugar cane for two years. The Investment Agreement provides that ProCana will be granted use of an area of land of 30,000ha, conditional upon obligations of ProCana including development of agriculture and livestock and the provision of construction material to benefit the local community.

5. Directors

Phil Edmonds, (MA Cantab) aged 57, *Chairman*

Mr. Edmonds is a director of a number of public and private companies and has considerable experience in introducing natural resources start-up companies to AIM, including African Platinum Plc (formerly Southern African Resources Plc), Central African Mining & Exploration Company Plc, Central African Gold Plc and White Nile Limited. Mr Edmonds is currently Chairman of Central African Mining & Exploration Company Plc and White Nile Limited. He holds an honours degree in land economy from Cambridge University. He was born in Lusaka, Zambia, educated in Zambia and England and played cricket for England and Middlesex from 1974 to 1987.

Corne Holtzhausen, aged 40, *Development Director*

Mr. Holtzhausen has considerable business experience in a number of disciplines including supermarkets, commercial trading, manufacturing, entertainment and mining with companies including Sasmic Imobiliária Lda, a property holding company, and Abrincadeira Lda a company which manufactures coin operated

games machines. He was born in South Africa and has a thorough knowledge of business dealings in Mozambique, where he resides.

Andrew Groves, aged 40, *Non-Executive Director*

Mr. Groves has significant experience in operations management in southern and central Africa and is a director of numerous private companies, including companies in Zambia and Zimbabwe. In particular he has experience in introducing natural resource start-up companies to AIM, including African Platinum Plc (formerly Southern African Resources Plc), Central African Mining & Exploration Company Plc, Central African Gold Plc and White Nile Limited. Mr Groves' current directorships include Central African Mining & Exploration Company Plc, Central African Tantalum Limited and White Nile Limited. He was born in Harare, Zimbabwe and educated in Zimbabwe and South Africa.

The Company is currently in the process of recruiting a Chief Executive Officer and is seeking appropriate candidates with a view to appointing a suitably experienced individual in due course. The finance function is currently provided by CAMEC (pursuant to the terms of an administrative and support services agreement). The Board will be strengthened, including the appointment of a Finance Director, in step with the Company's development.

6. The Placing

The Company is proposing to raise approximately £8.6 million (before expenses) pursuant to the Placing. The Placing relates to a total of 68,825,600 new Ordinary Shares representing approximately 20.7 per cent. of the Enlarged Share Capital of the Company following Admission. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £41.5 million. The Placing Shares will rank in full for all dividends declared, paid or made after the date of issue and otherwise *pari passu* with the existing Ordinary Shares.

Haywood Securities (UK) Limited has agreed, pursuant to the Placing Agreement and conditional, *inter alia*, on Admission, to use their reasonable endeavours to place the Placing Shares with institutional and other investors. The Placing is not being underwritten.

Further details of the Placing and Admission Agreement are set out in paragraph 8 of Part V of this document.

Pre-IPO Financing

Between February and August 2008 the Company raised approximately £7.3 million through pre-IPO fundraising. Details of the pre-IPO fundraising are set out in paragraphs 8.6 and 8.7 of Part V of this document.

7. Reasons for Admission and use of Proceeds

The Company has made an application for the Ordinary Shares to be admitted to trading on AIM. The Directors believe that the Admission will provide future access to capital for the long term development of its business, raise the profile of the Company, enable it to acquire other assets through the issue of equity and enhance the liquidity of the Company's issued Ordinary Share capital. This is an important step towards developing the business.

It is intended that the net proceeds of the Placing will be used to:

(i) progress MFEP; and

(ii) pursue other commercial opportunities relating to sugar cane and ethanol production which the Directors may identify in southern Africa.

With respect to MFEP it is intended that proceeds of the Placing will be used as follows:

- estate design, including detailed soil and topographic studies, estate layout, bulk water and irrigation plan, roads and infrastructure plan;
- detailed design and construction of an ethanol plant and electricity generation plant;

- development of a transport plan including a road haulage contract from the estate to Chokwe, obtaining rights to construct a road/rail interface at Chokwe, port storage facilities and, if necessary, vessel loading facilities, negotiation of rail contract with CFM and lease or purchase of road haulage tankers and/or rail wagons;
- issue of tender documents for land clearance, bulk water and irrigation systems, ethanol plant and electricity plant construction, infrastructure and civil works;
- establishment of an irrigated nursery, including phytosanitary controls;
- construction of initial infrastructures, housing, offices and workshops to initiate the above; and
- to pay for the acquisition of a further 1,500ha of land on the northern boundary of the estate.

8. Lock-Ins and Orderly Market Arrangements

All Directors, substantial shareholders, related parties and applicable employees (as defined in the AIM Rules) who, on Admission, are the holders of Ordinary Shares are prevented by the AIM Rules from disposing of any interests in Ordinary Shares held by them for a period of 12 months from Admission, except in limited circumstances. Accordingly Philip Edmonds, Cornelis Holtzhausen, Andrew Groves, CAMEC and Ashendon Investments Inc. who will, in aggregate, be interested in 197,180,000 Ordinary Shares (representing approximately 59.3 per cent. of the Enlarged Share Capital) on Admission have undertaken to the Company, Haywood Securities (UK) Limited and Seymour Pierce not to sell or dispose of any of their Ordinary Shares for a period of 12 months from Admission except in limited circumstances. All these persons have also agreed to certain orderly market provisions for a further period of 12 months from cessation of these lock-ins.

At Admission, the Directors will be interested in 12,000,000 Ordinary Shares representing approximately 3.6 per cent. of the Enlarged Share Capital of the Company.

Further details of the lock-in undertakings are set out in paragraph 8 of Part V of this document.

9. Dividend policy

It is the Directors' intention to consider the payment of dividends, if appropriate and when commercially prudent. However, as the business is at an early stage of development the Directors do not intend to declare or pay a dividend in the immediate foreseeable future.

10. Taxation

Information regarding taxation in respect of the Ordinary Shares, the Placing and Admission is set out in paragraph 13 of Part V of this document. These details are, however, intended only as a general guide to the current tax position under UK, United States, Canadian and BVI taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.

11. Share Option Scheme

The Directors consider that an important part of the Company's remuneration strategy is the ability to award share-based incentives to employees and Directors. Therefore the Company has adopted the Share Option Scheme for which no application for approval has been made to HM Revenue & Customs. The principal features of the Share Option Scheme, which is administered by the Board, are set out in paragraph 9 of Part V. The Share Option Scheme is open to Directors of, employees of, and consultants to, the Company or any of its subsidiaries from time to time who are not bound to retire within the period of two years after the date on which the Board invites such persons to apply for the grant of options. The maximum number of ordinary shares which may be issued on the exercise of the options shall not exceed in aggregate the number of ordinary shares which represent 10 per cent. in number of the Ordinary Shares in issue or allotted from time to time. Including the Ordinary Shares held on trust by Ely Place Nominees, which may be allocated by the Board as incentives for future management, this would not represent more than 16.1 per cent. of the issued share capital on Admission.

12. Corporate governance

The Company intends to comply with the principles of the Combined Code where practicable for a company of its size, nature and domicile and will follow, as far as possible, the recommendations on corporate governance made by the Quoted Companies Alliance. The Board intends to appoint a

remuneration committee and an audit committee with delegated duties and responsibilities as and when appropriate and once the Board has been strengthened.

The Company holds regular Board meetings at which financial and other reports are considered and, where appropriate, voted upon. The Company currently complies with the corporate laws and the requirements of the corporate governance regime in the British Virgin Islands, its country of incorporation.

The Company will abide by Rule 21 of the AIM Rules for Companies, including the provisions regarding Directors' dealings, and will take all reasonable steps to ensure compliance by the Directors and applicable employees. In order to achieve this the Company has adopted a share dealing code for the Directors and employees in accordance with the AIM Rules for Companies.

The Takeover Code

The Directors believe that the Company, as currently constituted and managed will not be subject to the City Code on Takeovers and Mergers, nor subject to the jurisdiction of the Panel on Takeovers and Mergers in the United Kingdom, due to the fact that the Company is incorporated in the BVI and its place of central management and control is outside of the UK, Channel Islands or the Isle of Man.

Notwithstanding the fact that the City Code on Takeovers and Mergers does not therefore apply to the Company, the Company's articles of association provide that rules which are similar to those contained in the City Code on Takeovers and Mergers may apply in respect of mandatory offers, in certain circumstances. A summary of the relevant provisions of the articles is set out at paragraph 3.1 of Part V of this document.

13. Admission to AIM, holding of shares, settlement and CREST

Application has been made to the London Stock Exchange for the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. Admission is expected to become effective and dealings in the Ordinary Shares are expected to commence on 1 September 2008. The Ordinary Shares are issued pursuant to the BVI Business Companies Act 2004 and are in registered form. The Placing Shares issued to investors domiciled in the United States and Canada will be held in certificated form, such certificated shares for the investors domiciled in the United States the legend and be subject to the restrictions on subscription and resale set out in paragraph 14.1 and 14.2 of Part V of this document. The certificated Ordinary Shares held by investors domiciled in Canada will bear the legend and be subject to the restrictions on resale set out in paragraph 14.3 of Part V of this document. All Ordinary Shares held by investors who are not domiciled in the United States or Canada may be held through CREST, as detailed below.

CREST is a computerised paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred via electronic means, without the need for a written instrument of transfer. To enable investors to settle their securities through CREST, a Depositary has been appointed to hold the relevant foreign securities and issue dematerialised depositary interests (the "Depositary Interests") representing the underlying securities. The Company has appointed Capita Registrars (Jersey) Limited to act as Depositary. The Depositary will hold the Ordinary Shares on trust for the Depositary Interest holders and this trust relationship is documented in a deed poll executed by the Depositary. This deed poll also sets out the procedure for the Depositary Interest holders to vote at general meetings of the Company and to exercise other procedural shareholder rights, which will be transferred to the Depositary with the Ordinary Shares.

The Depositary Interests will be independent, English securities and will be held on a register maintained by the Depositary. The Depositary Interests will have the same security code as the underlying Ordinary Shares which they represent and will not require a separate admission to AIM.

Shareholders wishing to settle their securities through CREST can transfer their Ordinary Shares to the Depositary, which will then issue Depositary Interests to those shareholders representing the transferred Ordinary Shares. The shareholders will not hold a share certificate evidencing the underlying Ordinary Shares. Each Depositary Interest will be treated as one Ordinary Share for the purpose of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the Ordinary Shares, will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Ordinary Shares.

Participation in CREST is voluntary and shareholders who wish to hold share certificates may do so. They will not, however, then be able to settle their Ordinary Shares through CREST and will have their holding recorded on the Company's share register in Jersey.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Ordinary Shares, to be admitted to CREST on Admission.

14. Additional Information

Your attention is drawn to Part II of this document which contains risk factors relating to any investment in the Company, Part III of this document which contains further information about Mozambique and the market in ethanol, Part IV which contains historical financial information on ProCana and Part V which contains further additional information on the Company.

PART II

RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Investors should carefully consider the risks described in this Part II and all other information contained in this document before making a decision as to whether to invest in the Ordinary Shares. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.

If any of the following risks actually occur, the Company's business, financial condition, trading performance and prospects may be substantially adversely affected and the future business success of the Company and/or achievement of the Company's strategic objectives could be endangered. In such case, the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not presently known to the Group or that it currently deems immaterial may have a substantial adverse effect on the Company's business, financial condition, trading performance and prospects and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should carefully consider whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

Risks associated with operating in central and southern Africa

Changes in government, monetary policies, taxation, exchange control and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its securities.

Several countries in central and southern Africa are liable to experience periods of political instability, and there can be no guarantees as to the level of future political stability. In the event that the Company were to acquire further interests in the southern African region changes to government policies and applicable laws could adversely affect the operations and/or financial condition of any such interests acquired by the Company.

The Company's assets are currently located in Mozambique and the Company intends to identify and acquire further projects in southern and central Africa, with particular emphasis in southern Africa. There are various risks associated with the southern African region including disease, population, political instability and weather related risks. HIV/Aids and Malaria are prevalent in this region and local health infrastructure is limited. As a result the Company may incur loss of man hours and employees. Education and skill levels are also limited in this region and may affect the Company's ability to hire adequate skilled employees.

The jurisdictions in which the Company might operate in the future may have less developed legal systems than more established economies which could result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various law, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. 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, creating particular concerns with respect to the Company's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. 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 arrangements in these jurisdictions cannot be assured.

Risks associated with listing

Funding

The Company is dependent on obtaining future equity capital or debt funding sufficient to continue its contemplated development, production and sales and to provide sufficient future working capital. The Company's ability to raise such funding will vary according to a number of factors including: the success or otherwise of agricultural production; the processing of any sugar cane produced; stock market conditions; ethanol prices; and access to facilities required to transport any produced materials to point of sale. Under the terms of the Investment Agreement the Company, in conjunction with the other shareholders in ProCana, is required to introduce a total of US$510,042,136 over 15 years. In the event the Company and the other shareholders of ProCana do not comply with the terms of the Investment Agreement it may be terminated and this may have an adverse effect on the operations of the Group, its results of operations and its financial condition.

Whilst the Directors are satisfied that the working capital available to the Group will, from Admission, be sufficient for its present requirements, completion of MFEP as outlined in the Investment Agreement will require further fundraising. The Directors have not yet determined whether they will seek debt funding or equity funding for any further funds that the Group may require however, it is possible that the Company may need to, or may wish to, raise extra capital in the future to develop fully MFEP. If the plans or assumptions set out in the Master Plan change or prove to be inaccurate the Company may require further financing over and above the further financing it has already identified. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as may be required the Company may be forced to discontinue development of MFEP.

Risks associated with the MFEP

Production risks

Agricultural production by its nature contains elements of significant risk. Commercial and successful operations are therefore dependent upon numerous factors including the suitability of the soil and weather conditions for the production of sugar cane of economically viable quality and in economically viable quantities, access to competent operational management and title risk. There is no current production of sugar cane in the Gaza Province where the project will be located and therefore there can be no assurance that the local conditions will be suitable for the production of sugar cane. If the local conditions prove not to be suitable for the production of sugar cane in the project area, this could have a material adverse effect on the Group's business, results of operations and financial condition.

Climate risks

Mozambique suffered widespread flooding in 2000 which may recur and additionally southern Mozambique has been subject to droughts in the past which may also recur. As an agricultural producer the Company's production of sugar cane is dependent upon the climatic conditions existing on the estate. If the climatic conditions are not as the Directors expect, the yields could fall or the crop could fail entirely which may have a material adverse effect on the Group's business, results of operations and financial condition.

Commodity price risk

The price of ethanol will depend on available markets at acceptable prices and transmission and distribution costs. Any substantial decline in the price of ethanol or an increase in the agricultural production costs, processing, transportation or distribution costs, could have a material adverse effect on the Group's business, results of operations and financial condition. Similarly, the Company's expenditure may be subject to exchange rate fluctuations.

Competition

There are numerous ethanol projects being undertaken worldwide, which will eventually increase market supply and increase competition. Furthermore, ethanol production from cellulose may eventually become commercially viable which might potentially lead to further competition as other producers enter the market to produce ethanol from cellulose. Fuel companies are also currently investing in other technologies, which may compete with ethanol's market share of the global fuels market. An increase in the competition within the global ethanol market and/or a decrease in the global demand for ethanol may have a material adverse effect on the Group's business, results of operations and financial condition.

'Canegro Model'

The 'Canegro' growth simulation model only takes account of the limitations of environmental factors, and does not take account of factors under management control such as fertiliser use and irrigation techniques. In addition the 'Canegro' model is an estimate based on historical data and cannot be relied upon to accurately predict the yield of any sugar cane crop in a particular location.

Cane varieties

Different varieties of sugar cane are suitable for different climatic conditions and different soil types. ProCana has elected to plant five different types of cane variety however as there is no current sugar cane production in the local vicinity there can be no assurance that any particular type of cane variety will suit the local conditions. In addition varieties of sugar cane can be susceptible to disease and there can be no assurance that the varieties selected by ProCana will be disease resistant. If the sugar cane varieties planted by the Group do not suit the local conditions or prove to be susceptible to disease, this may have a material adverse effect on the Group's business, results of operations and financial condition.

ProCana is sourcing its seed cane from certified South African sugar cane producers, however there can be no assurance that the cane supplied will achieve the yield expectations of the Company. In addition the Company may have trouble sourcing sufficient quantities of seed cane to enable it to start production on the schedule to which it is working. If the sugar cane sourced does not meet yield expectations or if the Group is unable to source sufficient quantities of seed cane, the levels of production may prove to be lower than expected and this may have a material advserse effect on the Group's business, results of operations and financial condition.

Growing season

The Company anticipates a short growing season for the seed cane, however if the yields are not achieved in the short period anticipated by the Company this may delay the planting schedule for the estate. In addition the Company is anticipating certain yields to be achieved in the growing season once production has commenced. Again there can be no assurance that these yields will be achieved. Finally the Company is anticipating a longer than industry average cutting season of 310 days. It may become apparent that the cutting season is considerably shorter than 310 days due to local conditions which will limit the volume of cane which the Company is able to process, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Installation of the bulk water supply

In order to implement the proposed bulk water supply and to develop MFEP in accordance with the terms of the Master Plan, large civil infrastructure is needed to be put in place at the beginning of MFEP. The development of MFEP relies on a main supply canal to be constructed from the Massingir Dam over a distance of approximately 56kms. In the event that implementation of the bulk water supply is delayed or construction of the canal is delayed, this may lead to severe delays to MFEP and may prevent MFEP from going forward, all of which may have a material adverse effect on the Group's business, results of operations and financial condition.

MFEP relies on the bulk water supply being connected to the dam outflow. This will require the consent of the Government of Mozambique and will in itself constitute a considerable civil engineering project. In order to enable MFEP to start without this connection to the dam outflow, ProCana intends to extract water from a different part of the dam and to pipe that water in to the canal in the short term. Thereafter ProCana will need to effect a connection to the dam outflow. There can be no certainty that the temporary extraction from the dam will provide sufficient water for MFEP. In the event that ProCana is unable to effect a

connection to the dam outflow or does not obtain the necessary consents to connect to the dam outflow MFEP may be delayed or may not have enough water to meet the irrigation requirements to successfully produce sugar cane. This may have a material adverse effect on the Group's business, results and financial condition as it would affect the yield and production.

Construction of the De Hoop dam

The construction of the De Hoop dam on the Steelpoort River could affect the MAR flowing into the Massingir dam more than anticipated. If the MAR is reduced more than anticipated this could result in the Massingir dam not being able to provide sufficient water for the irrigation of MFEP. If the estate could not obtain sufficient water for the irrigation system it is likely that yields could be greatly reduced or the crop could fail entirely and this could have a material adverse effect on the Group's business, results and financial condition.

Equipment required for MFEP

ProCana will need to source specialist heavy engineering equipment in order to construct the bulk water supply proposed for MFEP. In particular, ProCana will need to source pumps/and other specialist equipment. The lead time on the supply of such equipment is often significant and in the event that there is a delay in obtaining the necessary equipment this will delay the installation of the bulk water supply system and lead to a delay in MFEP. In the event that ProCana is unable to source the necessary equipment or transport it to the site, the bulk water supply will not be able to be installed as currently envisaged and a new system may need to be considered, all of which may have a material adverse effect on the Group's business, results of operations and financial condition.

Contents of the report commissioned by ProCana (including Soil Survey)

ProCana has developed a Master Plan based on a report presenting the best possible alternative for the bulk water supply system to be implemented on the project site. The initial report was prepared in a limited time and based on a topograhical map generated from satellite imagery with spot heights taken from a 90m grid. In addition the high level soil survey was also completed and this has been used as a guideline for the preparation of the Master Plan. Inaccuracies have been noted in the soil survey at certain positions as detected during MBB's site visit and cannot be relied upon. A detailed soil survey will be necessary to guide demarcation of the final areas prior to land clearance and implementation of the bulk water supply system. The Master Plan is still subject to change to ensure that the Company can make the best, and most efficient, use of the site.

Foreign government policies

A number of governments around the world have adopted certain policies and legislation to diversify fuel supplies including the use of ethanol in fuel. In the event that these policies are altered or legislation is amended to reduce volume of ethanol required to meet these targets the world demand for ethanol is likely to decrease and this, in turn, is likely to have an adverse effect on the ability of the Company to sell any ethanol it may produce and the price it may achieve on the sale of ethanol, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Risks associated with operating in Mozambique

Government Consents

The Company is being assisted by CPI in obtaining the necessary approvals from the Mozambique government. The Mozambique government has been reviewing its approach to bio-fuels and, although the Company anticipates that the Mozambican government will continue to support the production of bio-fuels in Mozambique, the government may change its approach and may withdraw its support from the operations of the Company.

Massingir Investment Agreement

In the event that ProCana does not comply with the terms of the Investment Agreement and it cannot agree any amendment to the terms of that agreement with the Government of Mozambique the agreement may be terminated. In the event that the Investment Agreement is terminated ProCana will lose the tax

benefits granted to it under the terms of that agreement, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Committed spending by Biolimpopo

Under the terms of the Investment Agreement, Biolimpopo a 5 per cent. shareholder of ProCana has obligations to make investments of US$6,000,000 within five years from the date of the agreement. Biolimpopo is a third party, independent from the Company and over which the Company does not exercise control, and as such the Company cannot guarantee that Biolimpopo will make such investment, in satisfaction of its obligations under the Investment Agreement. The sanction for non-compliance with investment obligations under the Investment Agreement (both the Company and other parties) is that the Government of Mozambique would be entitled to terminate the Investment Agreement, the effect of which would be the withdrawal by the government of the tax and custom incentives granted to ProCana and the requirement for reimbursement in respect of an amount equal to the incentives already granted to ProCana.

Right for the use and development of land (DUAT)

In order to utilise the land which is the subject of the MFEP, ProCana is required to obtain a DUAT from the Government of Mozambique. This was granted on a provisional basis on 8 October 2007. In order to be granted a final DUAT, ProCana must achieve certain milestones (which are detailed in paragraph 10 of Part I of this document), within the period of the provisional DUAT. The Company's failure to satisfy these specific conditions may result in the Company not being granted the definitive DUAT. There is no assurance that ProCana will achieve such milestones and be granted the final DUAT. In the event that the Mozambican Government does not grant to ProCana the final DUAT, ProCana may be prevented from continuing with the project.

Water licence

ProCana has been granted a provisional guarantee to enable it to use 750 million m^3 of water per annum from the Massingir dam. A final water concession will only be granted to ProCana after acceptance of the final design and completion of an environmental impact assessment and there can be no confirmation that such water concession will be awarded to ProCana. In the event that ProCana does not receive the water concession its ability to continue with the project will be significantly compromised, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Industrial licences

In order to develop MFEP and build and operate an sugar cane processing plant, ProCana will require certain industrial licences. Although the Investment Agreement has given provisional approval for the building of a sugar can processing plant for the production of ethanol the final building and operational industrial licences will only be granted once the final environmental and design plans for the plant have been submitted. There is no guarantee that the Government of Mozambique will grant the necessary licences to enable ProCana to build and operate the plant or the grant of such licences will not be delayed. In the event that the grant of the necessary licences to build and operate the plant are either delayed or not granted this may have a serious adverse effect on the Group's business, results of operations and financial condition.

Importers licence

The Company has been awarded an importers licence no. 2674/1101/M/08 which is valid until 3 January 2009 which permits the Company to import goods, materials and equipment. This licence is renewable on an annual basis but in the event that it is not renewed, the Company may not be able to important the necessary equipment it needs to develop MFEP and build the proposed plant. In the event that the Company is not able to import such equipment may not be able to develop MFEP and build the plant and this may have a detrimental effect on the Group's business, results of operations and financial condition.

Access to infrastructure

The Company will require access to transport facilities in order to commercially exploit its produce. Third party access to such infrastructure may depend on the level of uncontracted capacity available from time to time. Access by ProCana to transport facilities has not been guaranteed and may be limited. In addition

the tar road between Chokwe and Massingir is deteriorating and may need to be upgraded to handle the anticipated heavier traffic required for the project.

Power supply

Electricity is currently unavailable to MFEP area. EDM is however constructing a new 33kV power line to Massingir which should be completed by the end of 2008. EDM has already installed pilons for the power lines to run on. Electricity supply to MFEP area is one of the essential elements for successful MFEP implementation and needs to be co-ordinated with the Supply Authority in Mozambique and EDM. In the event that the installation of the power supply to the area is delayed or does not occur an alternative source of power will be required to enable MFEP to continue, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Most of the development area is flat with an average slope of less than 1 per cent. at an average 130 metres above mean sea level. The highest development area on the estate is located at 150 metres above mean sea level whilst the lowest is at 100 metres above mean sea level. Due to the long distances from the water source and the relatively high static heads, potentially the Company may be exposed to relatively high energy costs.

Population

Whilst MFEP will lead to the creation of many jobs in the area of Massingir, there is no tradition of salary work in the Massingir district. Most young men emigrate to neighbouring South Africa to work in the gold and coal mines. Whilst it is hoped that MFEP would act as an incentive for the workforce to remain in the local area, neighbouring districts may fill any workforce insufficiency in MFEP. There is no guarantee that there will be enough resource to satisfy the workforce demand which will be created by MFEP.

There is a risk that the demand for seasonal workers will cause large movements of groups of the work force. This may have a negative effect on the area by increasing the cases of HIV-AIDS in the area.

Outgrowers scheme

Sugar Cane yields per hectare are susceptible to large fluctuations between areas. This erratic production may depend upon the proportion of the total sugar cane crop provided by small scale growers and the level of support provided to them. It is intended that the Project will include an outgrowers scheme and whilst the Directors intend to offer a high level of support to the outgrowers scheme there can be no guarantee that the outgrowers scheme will produce the same cane yields per hectare as the land directly under the control of ProCana.

Risks associated with general operations

Environmental risks

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The potential for liability is a risk. Costs may be incurred in environmental rehabilitation, damage control and losses. Pursuant to Decree No. 45/2004 of 29 September 2004 which governs the environmental-impact evaluation process in Mozambique, ProCana's activities fall under Annex I, category A, Point 3 subparagraphs (a) and (e) and it is required to carry out an Environmental Impact Study prior to initiating the implementation of the project. The results of the Environmental Impact Study may require ProCana to make changes to the Master Plan or may prevent or delay implementation of MFEP which may have a material adverse effect on the Group's business, results of operations and financial condition.

Mechanised operations such as subsoil tillage, ploughing and harrowing, mechanised planting, application of certain fertiliser and transporting the cane in motor vehicles, all may have an adverse effect on the environment. Although ProCana will seek to minimise such effects through suitable cultivation planning and an environmental management plan the environment may deteriorate and this may lead to a reduction in yields or for the crop to fail entirely which may have a material adverse effect on the Group's business, results of operations and financial condition.

Operational and technical risks

A range of factors may affect the current and future operations of the Company, including appraisal and possible production activities, start-up risks, agricultural conditions, limitations on activities due to seasonal and exceptional weather patterns, alterations to joint venture programmes and budgets, unanticipated operational and technical difficulties encountered in production activities, mechanical failure of plant and equipment, adverse weather conditions, environmental accidents, industrial disputes, unavailability of harvesting equipment, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, prevention of access by reason of political unrest, outbreak of hostilities, inability to obtain consents or approvals, contracting risk from third parties providing essential services, potential problems in locating and securing the services in a timely and cost effective fashion of appropriately skilled employees, consultants, contractors or processors.

Market risk

The primary business of the Company will be the production and sale of ethanol from sugar cane. The development of alternative feedstocks, which may prove more efficient that sugar cane, could make the production of ethanol from sugar cane no longer economic. The Directors are considering constructing a dual purpose plant with the ability to process both ethanol and sugar from sugar cane. However, simultaneous downturns in the sugar cane ethanol market and the sugar market may adversely affect the company's sales and profitability. The production of ethanol from sugar cane may also become no longer economic should technological developments result in a more economic and efficient biofuel than ethanol. In the anticipation that cellulosic ethanol will become commercially viable, the Directors are considering constructing a plant that can incorporate this new technology should it become available. However, producing ethanol from both sugar cane and sugar cane waste (cellulosic) may still not prove to be economically viable.

Insurance

Insurance of all risks associated with agricultural production is not always available and, if available, the cost can be high. The Directors will endeavour to put insurance in place that is considered appropriate for the Company's needs. The Company may not be insured against all possible losses, either as a result of the unavailability of adequate cover or because the Directors finding the premiums excessive relative to the aggregate benefits. The Directors will continue to review the insurance cover in place to ensure that it is adequate and appropriate.

Dependence on key personnel

The Company's business is dependent on retaining the services of a small number of key personnel and consultants as the business develops. Furthermore, the success of the Company will be dependent on the expertise and experience of the Directors. The loss of one or more of those key individuals could have a material adverse effect on the Company. In addition, the Directors are in the process of recruiting a Chief Executive Officer. If such appointment is not made this could have a material adverse effect on the business operations and financial condition of the Company.

Protection of business relationships

The Company will rely significantly on good relationships with regulatory and governmental departments. There can be no assurance that its existing relationships will continue to be maintained or new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones.

Fluctuations on currency exchange rates could have a material adverse effect on the financial condition of the Company

The Company is being capitalised in pounds sterling, however it will be operating in Mozambique and its working capital requirements may be denominated in currencies other than pounds sterling. As a result fluctuations in currency exchange rates could have a material adverse effect on the financial condition, results, operations or cash flows of the Company.

Passive Foreign Investment Company ("PFIC")

Shareholders and potential investors that are US taxpayers should be aware that the Company may be a "passive foreign investment company" under Section 1297(a) of the US Internal Revenue Code for the current and future taxable years, which could result in unfavourable tax effects for certain investors. Further details of potential tax treatments are set out in paragraph 12(ii) of Part V of this document. There are three possible US federal income tax treatments if the Company is a PFIC as described below.

QEF Election: if a US taxpayer makes a "QEF election", the US taxpayer generally will be subject to US federal income tax on such US taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (calculated under US federal income tax rules), regardless of whether such amounts are actually distributed by the Company. US taxpayers should be aware that there can be no assurance that the Company will be able to satisfy the record keeping requirements that apply to QEF, or that the Company will supply US Holders with information that such US Holders require to report under the QEF rules in the event that the Company is a PFIC and a US Holder wishes to make a QEF Election, in which case US taxpayers may continue to be subject to the rules discussed in Part V. Each US taxpayer should consult its tax advisor regarding availability of, and procedure for making a QEF Election.

Mark-to-Market Election: as a second alternative, a US taxpayer may make a "mark-to-market election" if the Company is a PFIC and the Ordinary Shares are "marketable stock" (as specifically defined). A US taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Ordinary Shares as of the close of such taxable year over (b) such US taxpayer's tax basis in such Ordinary Shares.

If a US taxpayer does not make a QEF election or a mark-to-market election and the Company is a PFIC, any gain recognized on the sale of Ordinary Shares and any "excess distributions" (as specifically defined) paid on the Ordinary Shares must be ratably allocated to each day in a US taxpayer's holding period for the Ordinary Shares. The amount of any such gain or excess distribution allocated to prior years of such US taxpayer's holding period for the Ordinary Shares generally will be subject to US federal income tax at the highest tax applicable to ordinary income in each such prior year, and the US taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

This discussion is qualified in its entirety by the discussion of the consequences to US taxpayers in Part V "Additional Information – Certain United States Federal Income Tax Considerations."

ERISA Related Restrictions and Risks

Until such time as the Company is an "operating company" as defined under the US Plan Asset Regulations, the assets of the Company would be deemed assets of a US Benefit Plan if 25 per cent. or more of the Ordinary Shares are held by US Benefit Plans in aggregate. If the assets of the Company were deemed to constitute the assets of a US Benefit Plan, transactions involving the assets of the Company would be subject to the fiduciary responsibility, prohibited transaction and other restrictive provisions of ERISA and the assets of the Company would be subject to reporting, disclosure and other requirements under ERISA. Failure to comply with the additional ERISA regulations and requirements may result in the imposition of excise taxes and other liabilities under ERISA and the Code.

The Company's Articles of Association provide that in the event that a purported transfer of Ordinary Shares to a US Benefit Plan would cause the assets of the Company to be deemed assets of a US Benefit Plan, the Board may decline to register such transfer and may direct the transferee to sell all or some of its Ordinary Shares within 30 days or such shares will be subject to forfeiture and cancellation. Although the Articles of Association contains these provisions, there can be no assurance that the assets of the Company will not become deemed assets of a US Benefit Plan.

For further information, see "ERISA considerations" set out in paragraph 14.2 of Part V of this document.

PART III

MOZAMBIQUE AND ETHANOL PRODUCTION

1. MOZAMBIQUE

1.1 *Geography & Demographics*

Mozambique extends along the southeast coast of Africa between the republic of South Africa and Tanzania, spanning a distance of approximately 2,500kms. It borders with South Africa, Swaziland, Zambia, Malawi, Zimbabwe and Tanzania covering a total area of 799,380km^2.

It has a subtropical to a tropical climate (from south to north), with a rainy, hot and humid climate from November to April and a dry and cool season from May to October. Dry spells can be more common in the southern regions. Various rivers flow into the country destined to the Indian Ocean, particularly the great Zambezi, and other rivers such as Limpopo, Rovuma and Save.

Mozambique can be subdivided into a low lying coastal region varying between 200kms and 375kms in width with mountainous plane in the northeast bordering with interior landlocked countries. Fertile land is found along the river basins and the tableland, although the major part of the southern region lying along the coast is sandy with little fertility.

The country is divided into 10 provinces, with the capital (and main port), Maputo, located in the south, 80kms from the South African border. International ports, Beira and Nacala, are located further north.

Mozambique has a population of approximately 20 million, the north-central provinces of Zambezia and Nampula being the most populous, with about 38 per cent. of the population located in those regions. Portuguese is the official language.

1.2 *Political*

At the end of the 1970s, civil war broke out between the Liberation Front of Mozambique and the National Resistance of Mozambique. The war devastated the country in terms of human and economic development.

In 1984 Mozambique joined the IMF and the World Bank, initiated the negotiations for economic restructuring eventually leading to economic and market structural adjustment in 1987. In 1990 a new constitution was adopted that allowed the introduction of a system of multiparty democracy. Finally, in 1992 a general peace accord was signed in Rome between the leader of Liberation Front of Mozambique, Joaquim Chissano, and the National Resistance of Mozambique, led by Afonso Dhlakama.

Mozambique's first democratic election was held in 1994, and Joaquim Chissano was elected president. Since 1994 Mozambique has received enormous assistance from international developmental agencies and has resulted in considerable economic development.

Today Mozambique is considered one of the few African countries that have managed to maintain and consolidate peace and internal reconciliation. The political system in Mozambique is characterised as a democratic multiparty system. The president of Mozambique is elected every five years and the current President is Armando Emilio Guebuza.

Mozambique is a member of numerous international bodies, including the United Nations, African Union, and Southern African Development Community. Reflecting its multicultural composition, the country is a member of the Islamic Conference Organisation and is the only member of the Commonwealth to speak Portuguese and not to have been a former British Colony.

1.3 *Economy*

The government in Mozambique is moving away from a centrally-planned economy through the introduction of free market reforms. Government subsidies and restrictions on imports have been lifted in a bid to open up the economy, along with the reduction and simplification of import tariffs and the liberalisation of crop marketing.

In recent years, Mozambique's economic growth rates have been among the highest in the world. The serious flooding in Mozambique during 2000 and 2001 negatively affected economic growth, but with the assistance received from foreign aid donors, the economy has recovered and investment brought back on track. The Mozal project, the sugar industry, SASOL, Brazilian CVRD´s investment in the Moatize coal and the gas pipelines, are proceeding with the backing of foreign investors.

Mozambique benefits from World Bank debt cancellation under both the Highly Indebted Poor Country Initiative and the Multilateral Debt Relief Initiative. Resources made available by debt relief provided under these initiatives are being allocated to key anti-poverty programs. At present, the accumulated debt relief from the World Bank alone for Mozambique amounts to US$2.4 billion.

Mozambique, however, still depends on foreign aid to assist in balancing its budget. Trade imports still exceed exports but as the country's transport and trade links with the rest of the Southern African region improve, the government is optimistic about attracting increasing foreign investment.

Despite its ongoing economic success, Mozambique is still a country in transition, with a large number of social and economic challenges and is still considered one of the poorest countries in the world. However, the Government of Mozambique recognises the energy sector, and particularly Biofuels (bioethanol, biodiesel and biogas) as a sector which represents a major investment and growth opportunity for the country.

1.4 ***Foreign Investment***

The framework for both national and foreign investment in Mozambique is contained in the 1993 Investment Law. This law spells out the procedures to be followed, guarantees given and financial incentives offered to all investors in Mozambique. The Investment Promotion Centre (CPI) is the institution responsible for the promotion of investments in Mozambique, for advising the Minister of Planning and Finance on matters concerning investments and for ensuring the implementation and fulfilment of investment legislation.

Financial incentives include exemption from customs duties on imported equipment, up to 100 per cent. allowance on capital expenditure, a reduction in the basic rates of tax payable and the guaranteed remittance royalties, debt service and capital invested upon the liquidation or sale of an undertaking.

Security of investment is provided via a number of mechanisms, including:

- Membership of: the Multilateral Investment Guarantee Agency (MIGA) and the US Overseas Private Investment Corporation (OPIC), which insure investors against non-commercial risks and provide loan guarantees to support investments in developing countries. Mozambique is MIGA's fourth-largest host country and the largest in Africa, with a portfolio of 21 guarantees totalling US$264 million in gross exposure;
- Signatory to several multilateral agreements, including those of ICSID and the Paris-based International Chamber of Commerce, for the arbitration of any disputes that may occur in relation to investments; and
- Constitutional guarantees over security and legal protection of property rights and entitlement to just and equitable compensation in the event of expropriation based on absolute necessity and weighty reasons of public interest, health and public order.

As a result of its attractive and stable investment environment, sizeable foreign direct investment has taken place in Mozambique since the late 1990s, including:

- The BHP-led Mozal aluminium plant in Maputo;
- The development by SASOL, the South African oil company, of the Pande Gas fields and the construction of a 865km pipeline to feed the gas to the Secunda facility in South Africa;
- Kenmare Resources' Moma mineral sands project developing titanium reserves;
- Brazilian giant CVRD's investment in the Moatize coal deposit; and
- Refurbishment of the sugar estates and mills by Tongaat Hulett.

As a site for a cane to ethanol project, the Directors believe that Mozambique not only has the right agricultural environment, but offers a proven investment environment.

1.5 *Agriculture*

Mozambique is essentially an agriculture-based economy. The contribution of the agricultural sector, at 21 per cent. of GDP in 2008. More than 80 per cent. of the population is employed in the sector. The main products are cashew nuts, coconut, tea, cotton, citrus and tropical fruits, vegetables, cassava and sisal. The main export crops are prawns and shrimp, cashew nuts, cotton, aluminium, electricity, sugar, citrus and timber. Principal imports are machinery and equipment, vehicle fuel, chemicals, metal products, food stuffs and textiles. Natural resources known to be within the country are: coal, titanium, gold, natural gas and hydropower.

The geographic position of the country in relation to neighboring landlocked countries and regions has historically made transport services – roads, railways, ports, shipment and transshipment – a central element of the economy and a significant foreign exchange earner. Commerce and services as a whole account for about 46 per cent. of GDP.

The Government of Mozambique has completed phase 1 of a land zoning process, conducted with environmental impact considerations, which has identified 7 million ha of land for biofuel production. The aim of the land zoning process is to safe guard conservation and protect areas of high biodiversity as well as identifying land suitable for food and fuel crop production.

1.6 *Sugar Production In Mozambique*

Africa's premier sugar growing region comprises eastern and north-east South Africa, south-east Zimbabwe, Swaziland and southern and central Mozambique. The cheapest sugar producer in the world is Brazil, but of the next seven cheapest producers, five are in southern Africa. Of these, the Directors consider Mozambique to have the greatest untapped potential to become a major player in the world ethanol market.

Mozambique already produces enough sugar for domestic demand and international exports in four operating mills. US$180 million is being invested in these facilities to expand their capacity to accommodate increased exports to the EU from 2009. Any other cane plantings can be channelled into ethanol production without compromising either sugar export markets or food security. As Mozambique's sugar cane industry expands, and estates grow to take advantage of economies of scale and improved cane varieties and agricultural techniques, the production costs may equal or better those of Brazil.

Sugar cane was introduced commercially in Mozambique at the end of the 19th century in the Zambezi and Buzi valleys where the soil conditions, climate and water were suitable. In 1908 Companhia do Buzi constructed the first factory, and six years later, a small factory located next to the Incomati River started to produce sugar. This was replaced in 1923 by a larger, modern factory. In the mid-1920s two more factories, Marromeu and Luabo, both belonging to Sena Sugar Estates, started production.

The sugar industry expanded in the following decades, stimulated by British and Portuguese investment. An increase in sugar cane cultivation and the modernisation and expansion of the existing factories contributed to the growth of sugar production. After the construction of two new factories, Maragra (1969) and Mafambisse (1970), Mozambique reached a capacity of 360,000 tonnes and in 1972 reached a production record of 325,051 tonnes, 60 per cent. of which was for export. The sugar sector started to play an important role in the Mozambican economy and, by the beginning of the 1970's, sugar was the country's third major export product and was the main source of employment.

But in the 1980's a number of factors contributed to the collapse of the sugar cane industry. Intensive Renamo attacks forced Marromeu and Luabo to stop sugar production in 1985. Both factories had just benefited from a reconstruction and expansion programme. Maragra, in the south, also ceased production in 1985. The continuous pressure of war, the lack of financial resources and the decline in the efficiency in production led to the closure of the Búzi factory in 1991, and the only Mozambique distillery, belonging to Companhia do Búzi, stopped production due to a lack of molasses. Only two of the six factories, Mafambisse and Xinavane, continued to cultivate sugar cane and to produce sugar.

After the end of Mozambique's civil war in 1992, the Government's strategy for the sugar industry was to promote privatisation, foreign investment and reconstruction of the sugar factories. Today, the sugar industry is returning to normal and production from the four functioning factories has rapidly risen from a low of around 20,000 tonnes in the early 1990's to 263,000 tonnes in 2005 which the Directors believe shows the high potential of the country.

1.7 *Sugar Production in Africa*

More than 100 countries produce sugar, 78 per cent. of which is made from sugar cane grown primarily in the tropical and sub-tropical zones of the southern hemisphere, and the balance from sugar beet which is grown mainly in the temperate zones of the northern hemisphere. Information produced by Ilovo Sugar shows southern Africa to be one of the world's most competitive sugar producing areas, being home to seven of the worlds top 12 lowest cost producers.

In Africa, the largest producer of sugar is South Africa, where sugar is grown in two provinces in the north-east and east of the country, KwaZulu-Natal and Mpumalanga. Growers produce approximately 20 million tons of cane annually, which is processed into 2.2 million tons of sugar per season. Around 60 per cent. is marketed in the Southern African Customs Union and the balance exported to world markets. Landlocked Swaziland also has an expanding sugar industry due to the massive increase in the number of smallholder sugarcane farmers from virtually none in the early 1990s to 500 today.

2. THE ETHANOL MARKET

World energy consumption continues to grow and with oil prices at an all-time high and few alternative fuels for transport, there is a ready market for liquid biofuels. The rapidly growing biofuels industry offers possible environmental and social benefits, including mitigation of climate change, and contribution to energy security. With continued unrest in oil producing regions of the world and the increasingly hostile rhetoric from leaders in oil rich nations further underscores the need for greater energy security and countries world wide are looking to reduce their dependence on crude oil. Coupled with recent adoption by governments across the world of ethanol blending requirements demand for ethanol is set to continue to escalate.

2.1 *World Energy Demand*

According to the World Energy Outlook 2007 produced by the International Energy Agency ("IEA") the consequences for continued unfettered growth in global energy demand is described as alarming. If current policies are maintained world energy needs could well be over 50 per cent. higher in 2030 than in 2007, with China and India accounting for 45 per cent. of the increase in demand. Although world oil resources are judged to be sufficient to meet projected growth in demand to 2030 this assumes a collective increase of conventional crude oil, natural gas liquids and non-conventional oil (mainly gas-to-liquids) is projected to climb from 36 mbd in 2006, to 46 mbd in 2015 and 61 mbd in 2030. Although new oil-production capacity additions from greenfield projects are expected to increase over the next five years the IEA notes it is very uncertain whether new oil-production will be sufficient to compensate for the decline in output at existing fields and keep pace with the projected increase in demand giving rise to potential escalation in oil prices to 2015.

Part of the demand increase is expected to be satisfied by a resurgence of coal, particularly in demand in China and more efficient power-generation technology is expected to cut the amount of coal needed to generate a kWh of electricity but boost the attraction of coal over other fuels, leading to higher demand.

2.2 *Threats to World's Energy Security*

Rising global demand poses a real and growing threat to the world's energy security. The IEA expects only the Middle East, Africa and Latin America to export more oil, whilst all other countries are expecting to import more. With much of any additional oil supply expected to come from the Middle East, the location of past supply disruptions and subject to vulnerable supply routes from this location to both eastern and western markets, an increasing reliance on oil could carry a risk of short-term energy insecurity. Ethanol offers many countries the ability to further diversify their energy reliance to avoid dependence on one country or region.

2.3 *Climate Change*

In their Climate Change 2007: Synthesis Report, the Intergovernmental Panel of Climate Change (working under the auspices of the UN Environmental Programme) stated that carbon dioxide (CO_2) annual emissions have grown between 1970 and 2004 by about 80 per cent., from 21 to 38 gigatonnes (Gt), and represented 77 per cent. of total anthropogenic green house gas emissions in 2004. The rate of growth of CO_2 emissions was also substantially higher during the recent 10-year period of 1995-2004 (0.92 Gt of CO_2 per year) compared to the previous period of 1970-1994 (0.43 Gt of CO_2 per year).

Increased levels of greenhouse gases, primarily CO_2, affect the absorption, scattering and emission of radiation within the atmosphere and at the Earth's surface. As a result, changes in the atmospheric concentrations of green house gases are the main drivers of climate change. The release of green house gases into the atmosphere alter the energy balance of the global climate system which has effects on global temperatures, water levels and ecosystems.

Since 1990, global temperatures have risen by 0.2°C and atmospheric CO_2 concentrations have increased from 354 parts per million (ppm) to 380 ppm. The ten warmest years on record have all been since 1990. According to the Intergovernmental Panel on Climate Change, global temperatures are predicted to rise by between 1.1 and 6.4°C over the next century.

The largest growth in green house gas emissions between 1970 and 2004 has come from energy supply, transport and industry.

The Climate Change 2007 report cites that bottom-up studies suggest that mitigation opportunities have the potential to reduce emissions by about 6 Gt CO_2 per year in 2030.

According the to Renewable Fuels Association of America, using ethanol in place of gasoline could help to reduce CO_2 emissions by up to 29 per cent. given current technologies. As ethanol is made from renewable plant-based feedstocks, the CO_2 released into the atmosphere during an engine's fuel combustion is then reused by new plants through the process of photosynthesis as they grow.

2.4 *Ethanol powered vehicles*

Any existing petrol engined car can run on a blend of 10 per cent. ethanol to 90 per cent. petrol (E10) with flexible fuel vehicles (FFVs) able to run on E85 blends. Recent research by the US Renewable Fuel Association in conjunction with the State of Minnesota implemented a comprehensive test program to evaluate the impact of E20 blends on materials, compatibility, drivability, and emissions of vehicles commonly in use. The key findings of the E20 test program were:

- Common material found in today's automotive fueling systems – plastics, elastomers, metals – can safely accommodate 20 per cent. ethanol blends;
- E20 is an effective fuel, providing both the power and performance American drivers expect; and
- Emissions from vehicles using E20 are similar to those from vehicles using E10.

Source: Renewable Fuels Association: Changing the Climate – Ethanol Industry Outlook 2008

FFVs are increasingly being introduced by worldwide car manufacturers with FFVs constituting 83 per cent. of the cars sold in Brazil and over 6 million FFVs on US roads today. Japanese, US and European manufacturers are introducing FFVs and FFVs have been available in Europe since 2001. Sweden is one of the leading Biofuel users in Europe with over 1,000 service stations offering E85 fuel.

2.5 *Global ethanol blending requirements*

On 19 December 2007 the US adopted the Energy Independence and Security Act 2007 and central to this is the expansion of the use of renewable fuels through the US Renewable Fuels Standard which was first enacted into law as part of the Energy Policy Act of 2005. The US Renewable Fuel Standard requires the use of 36 billion gallons of renewable fuels annually by 2022, of which 16 billion gallons must come from cellulosic ethanol by 2022.

The US is not the only government to adopt such legislation and in March 2007 EU leaders agreed on a plan to require greenhouse gas emissions to be cut by at least 20 per cent. from 1990 levels by 2020 and ensure 20 per cent. of its power comes from renewable energy. In April 2008 the UK government brought

into force in the Renewable Transport Fuel Obligation requiring suppliers of fossil fuels to ensure that a proportion of the road fuels they supply in the UK comprise green fuels, like biofuels. In addition to the EU, UK and the USA many other countries have also adopted ethanol blending requirements including:

Brazil	All gasoline must contain between 20 per cent. and 25 per cent. anhydrous ethanol. Currently the mandate is 23 per cent.
Canada	By 2010, 5 per cent. of all motor vehicle fuel must be ethanol or biodiesel.
France	Set target rates for incorporation of biofuels into fossil fuels (by energy content). Calls for 5.75 per cent. in 2008, increasing to 10 per cent. in 2010.
Germany	Mandates 8 per cent. energy content in motor fuels in 2015, 3.6 per cent. coming from ethanol.
Lithuania	Gasoline must contain 7-15 per cent. ETBE. The ETBE must be 47 per cent. ethanol.
Poland	Mandatory "National Biofuel Goal Indicators" calling for biofuels to represent a set percentage of total transportation fuel use. 2008's standard is 3.45 per cent., on an energy content basis.
Argentina	Requires the use of 5 per cent. ethanol blends by 2010.
Thailand	Gasoline in Bangkok must be blended with 10 per cent. ethanol.
India	Requires 5 per cent. ethanol in all gasoline.
China	Five Chinese provinces require 10 per cent. ethanol blends – Heilongjian, Jilin, Laoning, Anhui and Henan.
The Philippines	Requires 5 per cent. ethanol blends in gasoline beginning in 2008. The requirement expands to 10 per cent. in 2010.
Bolivia	Expanding ethanol blends to 25 per cent. over the next five years. Current blend levels are at 10 per cent.
Colombia	Requires 10 per cent. ethanol blends to 25 per cent. over the next five years. Current blend levels are at 10 per cent.
Venezuela	Phasing in 10 per cent. ethanol blending requirements.

Source: Renewable Fuels Association: Changing the Climate – Ethanol Industry Outlook 2008

2.6 ***Demand and production of ethanol***

A number of factors, not simply the adoption of ethanol blending requirements, are driving worldwide demand. National energy security considerations, high oil prices, ethanol tax incentives, improved technology and climate change are also factors driving demand. The 2008-2012 World Ethanol Production Forecast expects ethanol production to pass 20 billion gallons in 2012 with US and Brazil leading the world production, a massive increase from 2007 world fuel ethanol production of 13,101.7 million barrels (source: F.O. Licht).

World Ethanol Production Forecast 2008-2012 by Country

	Millions of Gallons				
	2008	*2009*	*2010*	*2011*	*2012*
Brazil	4,988	5,238	5,489	5,739	5,990
US	6,198	6,858	7,518	8,178	8,838
China	1,075	1,101	1,128	1,154	1,181
India	531	551	571	591	611
France	285	301	317	333	349
Spain	163	184	206	227	249
Germany	319	381	444	506	569
Canada	230	276	322	368	414
Indonesia	76	84	92	100	108
Italy	50	53	55	58	60
ROW	2,302	2,548	2,794	3,040	3,286
WORLD	16,215	17,574	18,934	20,293	21,653

Extract of table: Marketresearchanalyst.com

Global ethanol consumption is expected to reach 200 billion litres in 2020.

2.7 *Ethanol trade and prices*

The degree of ethanol to petrol substitution and the level of ethanol trade will, largely, be affected by price, which, other than import duties and subsidies, is also subject to the different production process attaching to each feedstock. According to the OECD in 2006, Brazilian ethanol is competitive at oil prices of €22/barrel and above, American ethanol is competitive at oil prices of €34/barrel and above whilst in the case of the EU producers, ethanol is competitive at oil prices of €76/barrel and above.

There is no international price reference for ethanol, and prices are currently set by contract negotiation as supply is too limited in terms of volume and source. Further, it is a complex product for global traders, as due to the hybrid nature of ethanol as a commodity, part agricultural commodity and part energy commodity, risk managers and investors must track pricing factors in both sectors.

As corn is the main US ethanol feedstock, the Chicago Board of Trade launched an ethanol futures contract to increase trading opportunities within its existing corn futures contract, the benchmark for pricing in the corn industry. The New York Board of Trade launched an ethanol futures contract linked to sugar trading.

Prices are available for ethanol FOB Brazil and, as production is not subsidised and Brazil is the largest exporter, FOB Brazil prices are often used as a reference point. The Brazilian Mercantile & Futures Exchange announced in April 2007 that it is launching a new ethanol contract aimed at stimulating foreign participation in the market.

With the UK amongst other countries, introducing a certificated process to ensure compliance with the Renewable Transport Fuel Obligation, those certificates can be traded if, at the end of the relevant period, a supplier has too many or too few certificates – offering a further trading platform and revenue stream for suppliers of ethanol blends.

2.8 *Indirect effects of biofuels production on agriculture*

In 2003 the European Union agreed the Biofuels Directive which led member states to set indicative targets for biofuels use and the promotion of their uptake. Five years later, amid growing concern about the role of biofuels in rising food prices, accelerating deforestation and doubts about the climate benefits, the Gallagher review, a report to examine the indirect effects of current biofuel production, was prepared by the UK Renewable Fuels Agency for the UK Government in response to these concerns.

Whilst demand for cropland due to a rising world population, changing diets and increased use of biofuels is expected to increase between 17 and 44 per cent. by 2020, currently biofuels occupies approximately 1 per cent. of cropland. The Gallagher review concludes that the balance of evidence indicates that there will be sufficient appropriate land available to 2020 to meet the increased demand for cropland. In addition

the review concluded that there is a future for a sustainable biofuels industry but that the biofuels industry must avoid displacing existing agricultural production and suggests that agricultural expansion to produce biofuel feedstock is directed towards suitable idle or marginal land. MFEP specifically does not displace existing agricultural production and is a totally new greenfield site which may become increasingly important as the report recommends biofuels be shown to be demonstrably sustainable and this would include avoiding indirect land-use change.

The Government of Mozambique is very aware of the pressure placed on food production by increased use of cropland for the production of biofuels feedstock. In response to this concern the Government of Mozambique has begun a land zoning process recently completing Phase 1 in conjunction with an Environmental Impact Study. ProCana's DUAT is for the development of a sugar cane estate for the production of ethanol which is referred to in the Investment Agreement.

Whilst the Gallagher review proposes that the current biofuel targets for 2008/2009 be retained it suggests that the proposed rate of increase of biofuels be reduced in order to slow the introduction of biofuels until adequate controls to address displacement effects are implemented and demonstrated to be effective. Shorter-term effects on food prices are expected but the report concludes that longer term higher prices will have a net small but detrimental effect on the poor that may be significant in specific locations. More importantly in relation to MFEP the report notes that there is potential for the poor to benefit from biofuel production in some areas where land is available and the necessary infrastructural investment is forthcoming.

3. LAND DEVELOPMENT IN MOZAMBIQUE

As established by the constitution of the Republic of Mozambique, all land in Mozambique is exclusively owned by the state of the Republic of Mozambique. The rights of the state in respect of land encompass all rights of ownership and the power and ability to determine and prescribe the conditions for use and development of any parts of the land by individuals or corporate entities (both Mozambique nationals and foreigners). In Mozambique, land itself cannot be sold, mortgaged or encumbered by any means. Individuals and corporate entities (whether Mozambique nationals and foreigners) are only able to benefit from the granting of rights to use and develop land, not from the ownership of the land itself.

Nevertheless, and also as provided for in the constitution, the state does have the power to grant to any person rights to use and develop a land plot. The granting of a DUAT allows the title holder of the rights in question to construct or develop upon a specific land plot and to register any building or infrastructure which is constructed or developed on that land plot, in its name. Registration of buildings or infrastructure which have been constructed in pursuance of a particular DUAT, gives ownership rights in respect of such buildings or infrastructures.

Furthermore the title holder of a DUAT may mortgage assets and infrastructures which it has been authorised to build on the land plot in question. Transfers of buildings and "infrastructures" are also permitted under Mozambique law, provided that, in the case of rural areas, the authority which issued the DUAT gives its prior approval to transfer.

According to A.18 of Mozambique's Land Law, a DUAT can be terminated:

(i) by the non-completion of the development or exploration plan or the investment project, (without justification), within the time frame established in the DUAT approval, even if the fiscal obligations have been fulfilled;

(ii) by revocation of the DUAT of land to satisfy the public interest (e.g to build schools, hospital, roads, etc). In these circumstances, the holder of the DUAT will be entitled to fair indemnification and/or compensation;

(iii) when the term expires or at its renewal; or

(iv) by renunciation of the title holder.

A DUAT can also be granted on both a definitive basis and on a provisional basis. A.26 of Mozambique's Land Law provides that so long as the development or exploration plan criteria have been satisfied within the period(s) prescribed in the provisional DUAT, a definitive DUAT will be given and respective title to buildings and infrastructure will be granted to the title holder.

With respect to ProCana, which has currently only been issued with a provisional DUAT, the definitive DUAT will only be issued in its favour if it complies with certain obligations assumed under the Investment Agreement (in particular relating to the creation of favourable conditions for the development of agriculture, farming and livestock and the provision of construction materials for the benefit of the local community) which are discussed in more detail in paragraph 3.2 of Part I of this document.

PART IV

SECTION A: ACCOUNTANTS' REPORT ON PROCANA LIMITADA

The following is the full text of a report on ProCana Limitada from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the directors of BioEnergy Africa Limited.

2 Bloomsbury Street
London WC1B 3ST
www.bakertilly.co.uk

The Directors
BioEnergy Africa Limited
Romasco Place
Wickhams Cay 1
PO Box 3140
Road Town, Tortola
British Virgin Islands

27 August 2008

Dear Sirs

ProCana Limitada ("ProCana")

We report on the financial information set out in Section B of Part IV of the admission document dated 27 August 2008 ("Admission Document") of BioEnergy Africa Limited, (the "Company"). The financial information has been prepared on the basis of the accounting policies set out in note 1 to the financial information.

This report is required by paragraph 20.1 of Annex I of the Prospectus Rules as applied by Part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of the Prospectus Rules as applied by Part (a) of Schedule Two to the AIM Rules 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 paragraph 20.1 of Annex I of the Prospectus Rules as applied by Part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

As described in paragraph 1 of Part V of the Admission Document, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the Historical Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the 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 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.

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 ProCana Limitada as at the dates stated and of its losses, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

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

Declaration

For the purposes of Part (a) of Schedule Two to the AIM Rules 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.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B: HISTORICAL FINANCIAL INFORMATION ON PROCANA LIMITADA

BALANCE SHEET

	Notes	*At 31 March 2007 US$'000*	*At 31 March 2008 US$'000*
Assets			
Non-Current Assets			
Property, plant and equipment	3	–	2,669
Current Assets			
Other receivables	4	–	76
Cash and cash equivalents		1	212
		–	288
Total Assets		1	2,957
Equity and Liabilities			
Equity			
Share capital	5	1	1
Foreign currency translation reserve		–	(6)
Accumulated loss		–	(215)
Equity attributable to shareholders of the company		1	(220)
Liabilities			
Non-Current Liabilities			
Borrowings	6	–	2,783
Current Liabilities			
Borrowings	6	–	360
Other payables	7	–	34
		–	394
Total Equity and Liabilities		1	2,957

INCOME STATEMENT

	Notes	*From incorporation to 31 March 2007 US$'000*	*Year ended 31 March 2008 US$'000*
Foreign exchange gain		–	82
Operating expenses	8	–	(262)
Operating loss		–	(180)
Finance costs	9	–	(35)
Loss for the period or year, attributable to equity shareholders of the company		–	(215)

STATEMENT OF CHANGES IN EQUITY

	Share capital US$'000	*Foreign currency translation reserve* US$'000	*Accumulated loss* US$'000	*Total equity* US$'000
Issue of shares at incorporation on 8 June 2006	1	–	–	1
Balance at 1 April 2007	1	–	–	1
Effect of foreign exchange rate changes		(6)		(6)
Net expenses recognised directly in equity	–	(6)	–	(6)
Loss for the year			(215)	(215)
Total recognised income and expenses for the year	–	(6)	(215)	(221)
Balance at 31 March 2008	1	(6)	(215)	(220)

CASH FLOW STATEMENT

	Notes	At 31 March 2007 US$'000	At 31 March 2008 US$'000
Cash flows from operating activities			
Cash used in operations	11	–	(194)
Finance costs		–	(35)
Net cash from operating activities		–	(229)
Cash flows from investing activities			
Purchase of property, plant and equipment		–	(2,697)
Cash flows from financing activities			
Proceeds on share issue	5	1	–
Proceeds of new borrowings		–	3,143
Net cash generated from financing activities		1	3,143
Net increase in cash and cash equivalents during the period or year		1	217
Cash and cash equivalents at the beginning of the period or year		–	1
Effect of foreign exchange rate changes		–	(6)
Total cash and cash equivalents at the end of the period or year		1	212

NOTES TO THE FINANCIAL INFORMATION

ACCOUNTING POLICIES

1. Basis of presentation

The financial information has been prepared by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial information has been prepared on the historical cost basis, and incorporates the principal accounting policies set out below.

1.1 ***Significant judgements***

In preparing the financial information, the Directors are required to make estimates and assumptions that affect the amounts represented in the financial information and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial information. Significant judgements include:

Property, plant and equipment

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and other competitive forces.

1.2 ***Property, plant and equipment***

The cost of an item of property, plant and equipment is recognised as an asset when:

– It is probable that future economic benefits associated with the item will flow to the company; and

– The cost of the item can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method at rates considered appropriate to reduce the carrying values to estimated residual values over the expected useful lives of the asset as follows:

Item	*Average useful life*
Plant and machinery	
– Tractor and trailers	5 Years
– Other machinery	3 Years
Furniture and fixtures	10 Years
Motor vehicles	5 Years
Office equipment	3 Years
IT equipment	3 Years
Sundry equipment	4 Years
Leasehold land improvements	Lease term
Assets under construction	Not depreciated

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge of each period is recognised in profit or loss.

Assets in the course of construction for production, rental or administrative purposes not yet determined are carried at cost, less any identified impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other similar assets, commences when the assets are ready for their intended use.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 ***Financial instruments***

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Other payables

Accruals included within other payables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. These accruals are recognised as other financial liabilities on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.4 ***Income tax***

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because is excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1.5 ***Leases***

The lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 ***Segmental reporting***

A business segment is a group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments. A geographic segment is a group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments. At present the company has no segments qualifying for separate disclosure, however refer to note 2 for the future impact from changes in the standards in this regard.

1.7 ***Impairment of assets***

The Directors assess at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Directors estimate the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less that the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets.

The Directors assess at each balance sheet date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 ***Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs capitalised is the:

– Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised shall not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

– expenditures for the asset have occurred;

– borrowing costs have been incurred; and

– activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.9 ***Translation of foreign currencies***

(i) *Functional and presentation currency*

Items included in the historical financial information of the company are measured using the currency of the primary economic environment in which the entity operated, which is Mozambican Meticais ('the functional currency'). The historical financial information of ProCana Limitada contained in Section B of Part IV of this admission document is presented in United States Dollars.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency of the entity 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) *Translation to presentation currency*

The results and the financial position of the company has been translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, being 24.08 Meticais to US$1 (2007: 25.68)
- income and expenses for each income statement are translated at average exchange rates being 24.88 Meticais to US$1 (2007: n/a) (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognised as a separate component of equity

2. Statements and interpretations not yet effective

The Directors have assessed the following relevant pronouncements issued by the IASB that were in issue but not in force as at the date of this admission document.

- IAS 1 – Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009). This provides for various presentational amendments and requires the introduction of a Statement of Comprehensive Income. This has not yet been endorsed by the EU.

- IFRS 8 – Operating Segments (effective for accounting periods beginning on or after 1 January 2009). At present the company operates from a single geographical segment and its operations comprise

the development of a single project. Once complete, the project will comprise two distinct operations, an ethanol plant and a sugar cane farm, which will require separate disclosures.

Resulting from the May 2008 Annual Improvements to IFRSs and effective for accounting periods beginning on or after 1 January 2009:

- IAS 16 – Property, Plant and Equipment provides for amendments to the definition of 'recoverable amounts' and guidance on how to classify certain property, plant and equipment to inventories.
- IAS 19 – Employee Benefits provides for amendments to the definitions of short term benefits and of past service costs.
- IAS 23 – Borrowing Costs provides for amendments to the definition of borrowing costs.
- IAS 36 – Impairment of Assets provides for further disclosures in relation to recoverable amounts and the calculation thereof.
- IAS 41 – Agriculture provides for amendments to the definition of agricultural activity and the discount rate applied for fair value calculations.

The above May 2008 Annual Improvements to IFRSs have not yet been endorsed by the EU.

The Directors anticipate that the adoption of these interpretations in future periods in respect of transactions and obligations entered into as at 31 March 2008 will have no material impact on the financial information of the company.

3. Property, plant and equipment

	As at 31 March 2007			*As at 31 March 2008*		
	Cost US$'000	*Accumulated depreciation US$'000*	*Net book value US$'000*	*Cost US$'000*	*Accumulated depreciation US$'000*	*Net book value US$'000*
Plant and machinery	–	–	–	70	(4)	66
Furniture and fixtures	–	–	–	14	(1)	13
Motor vehicles	–	–	–	126	(22)	104
Office equipment	–	–	–	3	–	3
IT equipment	–	–	–	8	–	8
Leasehold land improvements	–	–	–	994	–	994
Sundry equipment	–	–	–	7	(1)	6
Assets under construction	–	–	–	1,475	–	1,475
Total	–	–	–	2,697	(28)	2,669

Reconciliation of net book value of property, plant and equipment

	At incorporation and at 31 March 2007 US$'000	*Additions US$'000*	*Depreciation US$'000*	*At 31 March 2008 US$'000*
Plant and machinery	–	70	(4)	66
Furniture and fixtures	–	14	(1)	13
Motor vehicles	–	126	(22)	104
Office equipment	–	3	–	3
IT equipment	–	8	–	8
Leasehold land improvements	–	994	–	994
Sundry equipment	–	7	(1)	6
Assets under construction	–	1,475	–	1,475
	–	2,697	(28)	2,669

Foreign exchange gain of US$1,000 arose on the retranslation of property, plant and equipment to US dollars.

Assets under construction comprise bulk water works, irrigation system and design and consulting on the construction of the ethanol plant and clearing and preparation of the farmlands. Costs relating to assets under construction are amortised over the expected productive life of the asset and commences when the project is operating at normal capacity. The Directors periodically review the carrying value of the assets for impairment, and where a project is abandoned or is considered not to be economically viable, the related costs are written off.

The Directors consider that the carrying amount of the property, plant and equipment approximates their fair value.

Borrowing costs of US$49,000 have been capitalised within assets under construction.

4. Other receivables

	2007 US$'000	*2008 US$'000*
Prepayments	–	67
VAT	–	9
	–	76

The Directors consider that the carrying amount of other receivables approximates their fair value.

5. Share capital

	2007 US$'000	*2008 US$'000*
Issued		
1 Share of 500 US Dollars	1	1
1 Share of 440 US Dollars	–	–
1 Share of 50 US Dollars	–	–
1 Share of 10 US Dollars	–	–
	1	1

The share capital of the company comprise 'quotas' or different values for each share to reflect the percentage holdings, including the voting rights attached, as it is registered as a quota company in terms of Mozambican Law.

The above shares of the company were all issued at incorporation on 8 June 2006.

6. Loans from related companies

	2007 US$'000	*2008 US$'000*
Central African Mining & Exploration Company Plc The loan is unsecured and the company has the right to defer settlement of the loan for twelve months. The loan totals GBP 1,384,453 and bears interest at 2 per cent. above The Bank of England's base rate.	–	2,783
Exploracoes Mineiras de Mocambique Limitada The loan is unsecured, interest free and has no fixed terms of repayment.	–	360
	–	3,143
Non-current liabilities	–	2,783
Current liabilities	–	360
	–	3,143

The Directors consider that the carrying amount of loans from related companies approximates their fair value.

7. Other payables

	2007 US$'000	*2008 US$'000*
Other payables	–	34

The Directors consider that the carrying amount of other payables approximates their fair value.

8. Expenses by nature

	2007 US$'000	*2008 US$'000*
Management fee (see note 14)	–	101
Depreciation	–	28
Repairs and maintenance	–	124
Other	–	9
	–	262

9. Finance costs

	2007 US$'000	*2008 US$'000*
Non current loans	–	84
Less borrowing costs capitalised		(49)
	–	35

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 58 per cent. to expenditure on such assets.

10. Taxation

The company has made losses of US$215,000 in the year ended 31 March 2008 (US$ nil in the period ended 31 March 2007). These losses are available to be carried forward and set against any future profits. The company is liable for tax at a rate of 32 per cent. giving a tax value for the losses of US$69,000. No deferred tax asset has been recognised in respect of these losses and no debit or credit for tax has been recognised in the income statement because it is uncertain when the losses will be utilised.

11. Cash used in operations

	2007 US$'000	*2008 US$'000*
Loss before taxation	–	215
Adjustments for:		
Depreciation	–	28
Finance costs	–	35
Changes in working capital:		
Other receivables	–	(76)
Other payables	–	34
	–	(194)

12. Capital commitments

On 10 October 2007, ProCana entered into an agreement with the Government of Mozambique. Pursuant to which the shareholders of ProCana undertook to invest US$510,042,736 over 15 years in the project for the growth of sugar cane and production of ethanol from sugar cane, through direct investment and loan capital.

13. Operating lease commitments

	2007 US$'000	*2008 US$'000*
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	–	1

Operating lease payments represent rentals payable by the company for an office property in the Massingir district. Leases are negotiated for an average term of six months and rentals are fixed for an average of six months. No contingent rent is payable.

14. Related party transactions

For the purpose of the financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operating decisions as defined by IAS 24: Related Party Disclosures.

The following individuals and companies have been identified as related parties of ProCana Limitada:

	Nature of relationship
Phillipe Edmonds	Chairman of both BioEnergy Africa Limited and Central African Mining & Exploration Company plc
Izak Holtzhausen	Development Director of BioEnergy Africa Limited, Director of ProCana Limitada and Country Manager, Mozambique (classified as part of key management) of Central African Mining & Exploration Company plc
Andrew Groves	Non-executive director of BioEnergy Africa Limited and Managing Director of Central African Mining & Exploration Company plc
Central African Mining & Exploration Company plc	50 per cent. controlling shareholder of ProCana Limitada (see note 17)
Ashendon Investments Inc	44 per cent. shareholder of ProCana Limitada pre (see note 17)
Exploracoes Minerias de Mocambique Limitada	Wholly owned subsidiary of Central African Mining & Exploration Company plc and is therefore commonly controlled by Central African Mining & Exploration Company plc

Transactions and balances between ProCana Limitada and related parties are set out below:

	2007 US$'000	*2008 US$'000*
Interest payable on borrowings to Central African Mining & Exploration Company plc	–	84
Management fee paid to Central African Mining & Exploration Company plc	–	101
Property, plant and equipment transferred from Exploracoes Mineiras de Mocambique Limitada	–	120

There were no outstanding balances at the period ends owing to Central African Mining & Exploration Company plc in relation to the above.

Further to the above transactions, ProCana Limitada received loan funding from the following related parties:

	2007 US$'000	*2008 US$'000*
Proceeds of borrowings from Central African Mining & Exploration Company plc	–	2,699
Proceeds of borrowings from Exploracoes Mineiras de Mocambique Limitada	–	240
Borrowings due to related parties:		
Non-current borrowings due to Central African Mining & Exploration Company plc	–	2,783
Current borrowings due to Exploracoes Mineiras de Mocambique Limitada	–	360

The non-current borrowings from Central African Mining & Exploration Company plc are unsecured and the company has the right to defer settlement of the loan for twelve months. Interest at the rate of 2 per cent. above the Bank of England's base rate is chargeable on the loan.

The current borrowings from Exploracoes Mineiras de Mocambique Limitada are unsecured, do not incur interest and have no fixed repayment terms.

15. Key management emoluments

No emoluments were paid to key management during the current year or preceding period.

16. Risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the maturity of ProCana's financial liabilities outstanding at the balance sheet date on a contractual gross undiscounted cashflow basis.

	Less than 1 year US$'000	*Between 1 to 5 years US$'000*	*Over 5 years US$'000*	*Total US$'000*
Borrowings	360	2,783	–	3,143
Other payables	34	–	–	34
Other financial liabilities	394	2,783	–	3,177

ProCana entered into a US$10 million working capital loan agreement with CAMEC on 11 August 2008 (see note 17) to meet its working capital requirements for the period of two years from the date of this Admission Document.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

Borrowings all attract interest at rates that vary with the Bank of England's base rate. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit or loss.

Credit risk

Credit risk arises mainly on cash deposits, cash equivalents and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The company's maximum exposure to credit risk is US$212,000 (2007: US$1,000).

Capital management

The company's main objective when managing capital is to protect returns to shareholders by ensuring the company will continue to trade in the foreseeable future. The company also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The company manages its capital with regard to the risks inherent in the business and the sector within which it operates. In order to maintain or adjustment the capital structure, the company may issue new shares or sell assets to reduce the cost of capital.

	2007 US$'000	2008 US$'000
Foreign exchange risk		
Foreign currency exposure at balance sheet date		
The company does not hedge foreign exchange fluctuations		
The following are uncovered:		
Current assets		
US Dollar bank balance	–	189
Non-current liabilities		
Central African Mining & Exploration Plc, GBP 1,384,454	–	2,783
Exchange rates used for conversion of foreign items were:		
GBP to US$ – year end	–	1.99
Mozambique Meticais to US$ – year end	25.68	24.08
Mozambique Meticais to US$ – average	–	24.88

17. Post balance sheet events

On 20 March 2008, Southern African Energy Limited (now BioEnergy Africa Limited) entered into a share exchange agreement in respect of the acquisition of 94 per cent. of the share capital in ProCana from Central African Mining and Exploration Company Plc (50 per cent.) and Ashendon Investments Inc (44 per cent.). Completion of this agreement was conditional upon consent granted by the Government of Mozambique. The requisite consent was given on 15 July 2008, following which BioEnergy Africa Limited acquired 94 per cent. of the share capital of ProCana in consideration for the issue by BioEnergy Africa Limited of 98,500,000 Ordinary Shares to Central African Mining and Exploration Company plc and of 86,680,000 Ordinary Shares to Ashendon Investments Inc on 12 August 2008.

On 2 June 2008 Mr. Groves, Mr. Edmonds and Wadebridge Investments Limited each entered into subscription agreements with BioEnergy Africa Limited in respect of 2,000,000 Ordinary Shares each at a price of 12.5 pence per Ordinary Share. These agreements completed on 5 June 2008 when the Ordinary Shares were issued to each of Mr. Groves, Mr. Edmonds and Wadebridge Investments Limited.

On 5 August 2008 Crosland Global Limited entered into a subscription agreement with BioEnergy Africa Limited in respect of 6,000,000 Ordinary Shares at a price of 12.5 pence per Ordinary Share. This agreement completed on 12 August 2008 when the Ordinary Shares were issued to Crosland Global Limited.

On 11 August 2008 ProCana entered into a working capital loan agreement with CAMEC. On 26 August 2008 ProCana entered into a further working capital loan agreement with CAMEC which superseded and replaced the agreement dated 11 August 2008. Under the terms of the CAMEC working capital loan agreement, CAMEC has agreed to make available to ProCana a facility of up to US$22 million, and to roll into this facility all amounts which had been advanced by CAMEC to ProCana prior to 11 August 2008 (being US$4,187,159.77). The purpose of the CAMEC working capital loan agreement is to assist ProCana in meeting its working capital requirements for the period of two years following completion of the Placing and Admission at which point the principal amount of the loan together with all accrued interest will be repayable (subject to ProCana exercising its rights to early repayment), along with a facility fee of US$50,000. Interest is charged on all outstanding amounts at a rate of seven per cent. per annum compounded monthly and is deemed to accrue with effect from 11 August 2008.

On 11 August 2008 ProCana entered into a working capital loan agreement with Exploracoes Minerias de Mocambique Limitada ("EMM"). Under the terms of this agreement EMM has agreed to make available to ProCana a facility of up to US$500,000 and to roll into this facility all amounts which had been advanced by EMM to ProCana prior to the date of this agreement (being US$428,964.18). The purpose of this agreement is to assist ProCana in meeting its working capital requirements for the period of two years following completion of the Placing and Admission at which point the principal amount of the loan together with all accrued interest will be repayable (subject to ProCana exercising its rights to early repayment), along with a facility fee of US$2,500. Interest is charged on all outstanding amounts at a rate of 7 per cent. per annum, compounded monthly.

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

1.1 The Directors, whose names and functions appear on page 5 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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.

1.2 The business address of the Directors is Av 24, Julho 2016, Maputo, Mozambique.

2. Company and Share Capital

2.1 The Company was incorporated in the British Virgin Islands on 27 April 2007 in accordance with the Act, with number 1402067 as a limited company. On incorporation the Company's name was "Southern African Energy Limited". On 25 July 2008 the Company's name was changed to BioEnergy Africa Limited and a new memorandum and articles of association were adopted following an extraordinary general meeting of the Company on 21 July 2008.

2.2 The liability of the shareholders of the Company is limited to the amount paid up or to be paid up on their shares. The central control and management of the Company is in Mozambique. The Company is domiciled in the British Virgin Islands.

2.3 The registered office of the Company is at Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British Virgin Islands. The Company's principle place of business is Av 24, Julho 2016 Maputo, Mozambique. The Company's telephone number is +258 2131 4554.

2.4 The Company's authorised share capital was, on incorporation, 500,000,000 shares of no par value and was increased to 1,000,000,000 shares of no par value by virtue of the adoption of a restated memorandum of association at the extraordinary general meeting of the Company referred to at paragraph 2.1 of this Part V.

2.5 Between incorporation and 18 February 2008, 20,000,000 Ordinary Shares were issued for nil consideration to Ely Place Nominees Limited (details can be found in the note to paragraph 7.1 of this Part V). Between 21 February 2008 and 12 August 2008, 58,425,600 Ordinary Shares were issued fully paid for cash at a price of 12.5 pence per Ordinary Share. On 12 August 2008, 185,180,000 Ordinary Shares were issued fully paid in consideration for the acquisition of 94 per cent. of the issued shares of ProCana pursuant to the terms of the Share Exchange Agreement. The issued share capital of the Company at the time of the publication of this document comprised 263,605,600 Ordinary Shares.

2.6 Immediately following the Placing the authorised and issued share capital of the Company will be as follows:

Authorised	*Issued*
1,000,000,000 Ordinary Shares	332,431,200 Ordinary Shares

2.7 Immediately following completion of the Placing and Admission the interests of shareholders holding Existing Shares will be diluted by 20.7 per cent.

2.8 Save as disclosed in this document, no share or loan capital of the Company has since its incorporation been issued or agreed to be issued or is now proposed to be issued fully or partly paid either for cash or a consideration other than cash and no discounts or other special terms have been granted by the Company during such period in connection with the sale or issue of any share or loan capital of the Company.

2.9 Save as disclosed in paragraph 9 below, no Ordinary Shares of the Company are under option and there is no conditional or unconditional agreement to put any such Ordinary Shares under option.

2.10 The Company has the following subsidiaries:

Name	*Place of Incorporation*	*% owned*
ProCana Limitada*	Mozambique	94

*The remaining 6 per cent. of ProCana is owned as to 5 per cent. by Biolimpopo Limitada and 1 per cent. is held by Izak Cornelis Holtzhausen

The articles of association of ProCana establish that ProCana will have pre-emptive rights to acquire quotas from a shareholder in the event that a shareholder proposes to transfer its quota to a third party. No other pre-emption rights exist in respect of ProCana's quotas. There are no minority protection rights provided in ProCana's articles of association for Biolimpopo (or any other minority shareholder) and Mozambique law establishes that all shareholders shall enjoy the same rights and obligations in their capacity as shareholders and therefore, neither Biolimpopo nor any other minority shareholder shall enjoy any special rights against the other shareholders.

2.11 The table below sets out the number and location of employees employed by the Company and its subsidiary ProCana as at the date of this document:

Location	*Number of employees as at the date of this document*
London, UK	–
Mozambique	approximately 105

3. Memorandum and Articles of Association

3.1 The Memorandum of Association contains provisions (*inter alia*) to the following effect:

(i) ***Objects and purposes***

The Company has, irrespective of corporate benefit:

(a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and

(b) for the purposes of (a), full rights, powers and privileges.

(ii) ***Number and classes of shares***

The Company is authorised to issue up to a maximum of 1,000,000,000 shares of one class without par value.

(iii) ***Rights attaching to shares***

Subject to the Articles, the terms of the issue of any share, or any resolution of Members to the contrary (and, for greater clarity, without prejudice to any special rights conferred thereby on the holders of any other shares), a share of the Company confers on the holder:

(a) the right to one vote at a meeting of the Members or on any resolution of Members;

(b) the right to an equal share in any distribution paid by the Company; and

(c) the right to an equal share in the distribution of the surplus assets of the Company on a winding up.

(iv) ***Variation of class rights***

The rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not the Company is being wound-up, may be varied with the consent in writing of at least two-thirds of all the holders of the issued shares of that class or series or with the sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of the class or series.

(v) ***Rights not varied by the issue of shares* pari passu**

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.

(vi) ***Registered Shares***

The Company shall issue registered shares only, and such shares may be in full or fractional form. The Company is not authorised to issue bearer shares, convert registered shares to bearer shares, or exchange registered shares for bearer shares.

3.2 The Articles contain provisions (*inter alia*) to the following effect:

(i) ***Changes to share capital***

The Company in general meeting may from time to time by ordinary resolution:

(a) Combine all or any of its shares into a smaller number of shares;

(b) Cancel any shares which at the date of passing the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(c) Subject to the Act sub divide its shares or any of them into a larger number of shares and so that the resolution whereby any share is sub divided may determine that, as between the holders of the shares resulting from such division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with, the others as the Company has power to attach to unissued or new shares;

(d) Convert the whole, or any particular class of its preference shares into redeemable preference shares;

(e) Issue shares which shall entitle the holder to no voting right or entitle the holder to a restricted voting right;

(f) Convert all or any of its fully paid shares the par value (if any) of which is expressed in a particular currency into fully paid shares of a par value (if any) of a different currency; or

(g) Increase its authorised shares by the creation of new shares, such new shares to be of such amount and to be divided into shares of such respective amounts and to carry such special rights (if any) or to be subject to such restrictions (if any) as the General Meeting resolving on such increase may direct.

The Company in general meeting may from time to time by special resolution reduce its authorised shares or any capital redemption reserve or share premium account in any manner authorised and subject to any conditions prescribed by the Act.

(ii) ***Transfer Restrictions***

In the event that a purported transfer of Ordinary Shares to a US Benefit Plan would cause the assets of the Company to be deemed assets of a US Benefit Plan, the Board may decline to register such transfer and may direct the transferee to sell all or some of its Ordinary Shares within 30 days or such Ordinary Shares will be subject to forfeiture and cancellation.

(iii) ***Meetings of the Company***

The first general meeting of the Company shall be held within a period of not more than eighteen months from the day on which the Company shall have the right to commence business.

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

The Board may call an extraordinary general meeting whenever it thinks fit, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act.

All general meetings shall be called by at least ten days' notice in writing at the least.

In every notice calling a general meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and (on a poll) vote instead of him and that a proxy need not also be a Member.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. The quorum shall not be less than two Members present in person or by proxy provided that in the event a variation of the rights attaching to any class or series of shares pursuant to paragraph 7 of the Memorandum is to be resolved upon at such General Meeting, the quorum shall be Members, present in person or by proxy, holding at least one third of the issued shares of such class or series (provided that if, at any adjourned such General Meeting, those Members who are present and entitled to vote on such resolution shall constitute a quorum).

The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen days or more, seven clear days' notice, specifying the place, the day, and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting, but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no Member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll be demanded by:

(a) the chairman;

(b) in writing by at least three persons entitled to vote at the meeting;

(c) in writing by a Member or Members representing one tenth of the total voting rights of all the Members having the right to vote at the meeting; or

(d) in writing by a Member or Members holding shares 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.

Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(iv) ***Rights attaching to shares***

(a) *Generally*

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.

If two or more persons are registered as joint holders of any share any one of such persons may give effective receipts for any dividends or other monies payable in respect

of such share, but such power shall not apply to the legal personal representatives of a deceased Member.

The Company shall not be bound to register more than four persons as joint holders of any share.

(b) *Redemption and purchase of own shares*

The Company shall have power, subject to and in accordance with the Act, to purchase any of its own shares, whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

(c) *Preference shares*

Subject to the Act any preference shares with the sanction of an ordinary resolution may 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 ordinary resolution determine.

(d) *Voting*

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.

Where in the British Virgin Islands, England or elsewhere a liquidator, receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the grounds (however formulated) of mental disorder, the Board may in its absolute discretion, on or subject to production of such evidence of the appointment as the Board may require, permit such receiver or other person to vote in person or by proxy on behalf of such Member at any General Meeting.

If two or more persons are jointly entitled to a share, then in voting on any question the vote of the senior who tenders the vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

No Member shall be entitled to receive any dividend or to be present and vote at any General Meeting either personally or (save as proxy for another Member) by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Any person (whether a Member of the Company or not) may be appointed to act as a proxy. A Member may appoint two or more persons as proxies in the alternative but if he shall do so only one of such proxies may attend as such and vote instead of such Member on any one occasion.

On a poll votes may be given either personally or by proxy (a proxy not being entitled to vote except on a poll) and a Member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

(e) *Dividends*

The Company in general meeting may declare dividends but no dividends shall exceed the amount recommended by the Board. The Board may, before recommending any dividend, set aside out of profits of the Company such sums as it thinks fit as a reserve to, *inter alia*, meet any claim on, or liabilities of, the Company or for paying off any loan capital or for any other purpose.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend but no interim dividend shall be paid on shares carrying deferred or non preferential rights if at the time of payment any preferential dividend is in arrear. Provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non preferential rights.

The Board may also pay half yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits justify the payment.

No dividend shall be paid otherwise than out of profits available for distribution in accordance with the Act.

No dividend shall bear interest against the Company.

Any dividend unclaimed for a period of twelve years after having been declared (or, in the case of an interim dividend, remaining uncashed for a period of twelve years after having been sent) shall be forfeited and shall revert to the Company.

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 up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share.

All dividends shall be apportioned and (subject to any lien of the Company) paid to Members on the register on the date the dividend is declared, made or paid notwithstanding any subsequent transfer or transmission of shares proportionately to the amounts paid up 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.

All dividends or other sums payable on or in respect of any shares which remain unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for six years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

A general meeting declaring a dividend may, upon the recommendation of the Board, direct that it shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, and where any difficulty arises in regard to the distribution, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution of any assets and may determine that cash shall be paid to any Member upon the footing of the value so fixed in order to adjust the rights of Members and may vest any assets in trustees as may seem expedient to the Board.

(f) *Transfer of shares*

The Board shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system.

Any Member may transfer all or any of his shares (in certificated form) by instrument in writing in any usual or common form, or in such other form as the Board shall from time to time approve. The Board may at any time after the allotment of any share but before any person has been entered in the register as the holder thereof recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board may think fit to impose.

Such instrument of transfer must (if so required by law) be duly stamped and be left at the Company's registered office, or at such other place as the Board may appoint, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may require to prove the title of the intending transferor (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so). Every instrument of transfer must be in respect of only one class of share.

The instrument of transfer of a share shall be signed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

In the case of a partly paid up share the instrument of transfer must also be signed by or on behalf of the transferee.

All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall (except in case of fraud) be returned to the party presenting the same.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under the law, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may, in its absolute discretion, and without assigning any reason refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve and refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of such refusal.

(v) ***Board of the Company***

(a) *Board of Directors*

The minimum number of directors is one. If and for so long as there is a sole director, such director may act alone in exercising all the powers and authorities vested in the directors by these Articles and the quorum for any Board meeting shall be one. Each of the Directors shall be entitled to receive such remuneration for his services as the Board of Directors may determine.

Subject to the provisions of the Act, no Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise.

Subject to specific provisions contained in the Articles a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum of a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub underwriting thereof;

(iv) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to Members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all the circumstances);

(v) any proposal concerning the adoption modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by the Board of Inland Revenue for taxation purposes;

(vi) any proposal relating to any arrangement for the benefit of employees under which he benefits or may benefit in a similar manner as the employees and which does not accord to him as a Director any privilege or advantage not generally accorded to the employees to whom the arrangement relates; or

(vii) any proposal concerning the purchase and/or maintenance of any insurance policy under which a Director may benefit.

(b) *Powers and duties of the directors*

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company and as are not by the Act or by the Articles required to be exercised or done by the Company in general meeting.

(c) *Local boards*

The board of directors may establish any committees, local boards or agencies for managing any of the affairs of the Company either in the British Virgin Islands, the United Kingdom or elsewhere, and may appoint any persons to be members of such committees, local boards or agencies and may fix their remuneration, and may delegate to any committee, local board, or agent any of the powers, authorities and discretions vested in the board (other than those powers relating to issuing shares, making calls, declining to register transfers, determining Directors' remuneration, appointing and removing executive Directors, appointing Directors, borrowing, recommending and declaring dividends, forfeiting shares or accepting surrenders), with power to sub delegate, and may authorise the members of any local board, or any of them, to fill any vacancies, and any such appointment or delegation may be on such terms and subject to such conditions as the board may think fit. The board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(d) *Managing director*

The board may from time to time appoint any one or more of its body to the office of managing director and/or such other office in the management of the business of the Company or place of profit under the Company, except that of the Auditors, as it may decide for such period and on such terms as it thinks fit, and may vest in such managing director or such other officer such of the powers hereby vested in the Board as it may think fit, and such powers may be made exercisable for such period or periods, and on such conditions and subject to such restrictions, and generally on such terms as to remuneration and otherwise, as it may determine. The remuneration of a managing director or such other officer may be made payable by way of salary or commission or participation in profits, or by any or all of those modes, or otherwise as may be thought expedient and it may be made a term of his appointment that he shall receive a pension, gratuity or other benefit on his retirement.

(e) *Rotation of directors*

At each annual general meeting one-third of the Directors for the time being, (or, if their number is not a multiple of three, the number nearest one-third) shall retire from office. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as among persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

(f) *Divisional directors*

The board may from time to time appoint any manager or other officer or person in the employment of any company in the Group for the time being to be a divisional director of the Company.

A divisional director shall not be entitled to receive notice of or to vote at a meeting of the Board of Directors or (except when expressly invited by the Board to do so) to attend a meeting of the Board.

(g) *Alternate directors*

Each Director shall have the power to nominate any other Director or any person approved for that purpose by Resolution of the Board to act as alternate Director at Meetings of the Board in his place during his absence and, at his discretion, to revoke such nomination.

An alternate Director shall be entitled to receive notice of meetings of the Board and of any committee of the Board of which the appointor is a Member and to attend and to vote at any such meeting and to perform thereat all the functions of his appointor.

(h) *Proceedings of Directors*

A Director may, and on request of a Director the secretary shall, at any time summon a meeting of the Board. Until otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.

An alternate Director shall be counted in a quorum provided that at least one other Director or person duly appointed as an alternate Director is also present and a Director who is an alternate Director shall be entitled to a separate vote on behalf of the Director whom he is representing in addition to his own vote.

A resolution in writing signed by all the Directors for the time being in the British Virgin Islands or the United Kingdom, if constituting a majority of the Directors, shall be as effective for all purposes as a resolution passed at a meeting of the Board duly convened, held and constituted and may consist of several documents in like form each signed by one or more of the Directors.

The Board may from time to time elect or otherwise appoint a Director to be chairman or deputy chairman and determine the period for which each of them is to hold office.

The chairman, or in his absence the deputy chairman, shall preside at meetings of the board, but if no such chairman or deputy chairman be elected or appointed, or if at any meeting the chairman or deputy chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be chairman of such meeting.

Subject to the exceptions below the Board may delegate to any committee appointed by the Board and consisting of such member or members of its body as it sees fit; any Managing Director; any board established under the Articles; the secretary; and any attorney or attorneys appointed under the Articles such of the powers, authorities or discretions vested in it as the Board thinks fit. Such delegation may include power to sub delegate and may be annulled or varied by the Board at any time, but no person dealing in good faith and without notice of such annulment or variation shall be affected thereby.

The following powers of the Board may not be delegated except to a committee of the Board (as mentioned above) namely: issuing shares; making calls; declining to register transfers; determining Directors' remuneration; appointing and removing Managing Directors (within the scope of the Articles); appointing Directors under the Articles; borrowing; recommending and declaring dividends; forfeiting shares or accepting surrenders.

(i) *Assets*

Notwithstanding section 175 of the Act, the directors may sell, transfer, lease, exchange or otherwise dispose of the assets of the Company without the sale, transfer, lease, exchange or other disposition being authorised by a resolution of the shareholders.

(vi) ***Takeover Provisions***

When:

(a) any person acquires whether by a series of transactions over a period of time or not, an interest 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 the Company; or

(b) any person who, 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 the 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 (the "**offeror**") shall, unless the Board determines otherwise, extend an offer on the basis set out in below (a "**mandatory offer**"), to the holders of all the issued shares in the Company.

Any mandatory offer must be conditional only upon the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the mandatory offer, will result in the offeror and any person acting in concert with it holding shares carrying more than 50 per cent. of voting rights in the Company.

No acquisition of any interest in shares which would give rise to a requirement for a mandatory offer may be made or registered if the making or implementation of such offer would or might be dependent on the passing or a resolution at any meeting of shareholders of the offeror or upon any other conditions, consents or arrangements.

Any mandatory offer must, in respect of each class of share capital involved, be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or any

person acting in concert with it for any interest in shares of that class during the offer period and within 12 months prior to the announcement of that offer.

No less than 3 days prior to the issue of an offer document in connection with a mandatory offer, the offeror must produce to the Board a written confirmation from an appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the mandatory offer.

Where Directors (and their close relatives and related trusts) sell shares to a person (or enter into options, derivatives or other transactions) as a result of which that person is required to make a mandatory offer, the Directors must ensure that as a condition to the sale (or other relevant transaction) the person undertakes to fulfil his obligations to make a mandatory offer. In addition, and except with the consent of the Board:

(a) such Directors should not resign from the Board until the first closing date of the mandatory offer or the date when the offer becomes or is declared wholly unconditional, whichever is later; and

(b) no nominee of any offeror or persons acting in concert with it may be appointed as a Director, nor may any offeror or persons acting in concert with it exercise the votes attaching to any shares held in the Company until the offer document has been posted.

Save to the extent that the Board determines otherwise any mandatory offer shall be made on terms that would be required by the then current City Code, including without limitation any provisions of the City Code which would be applicable to an offer required to be made pursuant to rules of the City Code relating to the "*Mandatory Offer and its terms*".

In relation to any mandatory offer, any matter which under the City Code would fall to be determined by the Panel shall be determined by the Board in its absolute discretion or by such person appointed by the Board to make such determination. Any notice which under the City Code is required to be given to the Panel or any person (other than the Company) shall be given to the Company at its registered office.

Any Member who is under an obligation to make a mandatory offer shall be required to make such offer in compliance with the requirements of the City Code unless otherwise notified in writing by the Board.

If at any time the Board is satisfied that any Member having incurred an obligation to make a mandatory offer to the holders of all the issued shares in the Company shall have failed so to do, or that any Member is in default of any other obligation imposed upon Members pursuant to the Memorandum & Articles of Association, then the Board may, in its absolute discretion at any time thereafter by notice (a "**direction notice**") to such Member and any other member acting in concert with such Member (together the "**defaulters**") direct that:

(a) in respect of the shares held by the defaulters (the "**default shares**"), the defaulters shall not be entitled to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company;

(b) except in a liquidation of the Company, no payment shall be made of any sums due from the Company on the default shares, whether in respect of capital or dividend or otherwise, and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the Member; and

(c) no other distribution shall be made on the default shares.

The Board may at any time give notice cancelling a direction notice.

If a mandatory offer is made and the offeror (together with persons acting in concert with him) has acquired or contracted to acquire some (but not all) of the shares to which the offer relates those shares, with or without any other shares which the offeror (together with persons acting in concert with him) holds or has acquired or contracted to acquire would result in the offeror (together with persons acting in concert with him) obtaining or holding an interest in shares conferring in aggregate 90 per cent. or more of the voting rights conferred by all the shares

then in issue then the offeror shall be entitled to give a notice ("**Squeeze Out Notice**") to all other holders of shares in respect of all the shares then in issue and held by them in respect of which the offer has not yet been accepted.

The Squeeze Out Notice shall be made in writing, be at the same price and on the same terms as the offer and be capable of acceptance for a period of not less than 30 days after the date of the Squeeze Out Notice.

Upon delivery of the Squeeze Out Notice each of the recipients shall be deemed to have accepted the offer in respect of all shares held by it and shall become obliged to deliver to the offeror an executed transfer of such Shares and (if it exists) the certificate(s) in respect of the same.

The Board shall have no liability to any Member, any person who has any interest in shares, or any other person for the manner in which they exercise or refrain from exercising any suspension powers in respect of a mandatory offer or for any determination which the Board makes as to the application of the Articles to any mandatory offer in any particular circumstances.

(vii) ***Significant Shareholders***

For these purposes, a "**significant shareholder**" is a holder of any legal or beneficial interest, whether direct or indirect or of an "**interest in securities**" (as defined in the City Code), in any securities of the Company which have been admitted to the AIM market of London Stock Exchange plc and who hold 3 per cent. or more of the voting rights of any class of security in the Company (excluding treasury shares) and "**relevant changes**" are changes to the interest in voting rights of a significant shareholder above 3 per cent. (excluding treasury shares) which increase or decrease such interest through any single percentage. If there is a relevant change the significant shareholder concerned is required to disclose the relevant change to the Company without delay and in any event within 7 calendar days. The disclosure under this regulation must contain:

(a) identification of the significant shareholder concerned;

(b) the date on which the change to the interest was affected and the date on which the disclosure was made to the Company;

(c) the price, amount and class of the securities concerned;

(d) the nature of the transaction and the nature and extent of the significant shareholder's interest in the transaction; and

(e) the resulting situation as regards the significant shareholder's interest in voting rights.

For these purposes, section 793 of the Companies Act 2006 of the United Kingdom (the "**Act**") shall apply to the Company as though it were a company incorporated in the United Kingdom. Accordingly, if at any time the Board is satisfied that any Member, or any other person appearing to be interested in shares held by such Member, has been duly served with a notice equivalent to a notice under section 793 of the Act (a "**section 793 notice**") and is in default for the prescribed period in supplying to the Company the information thereby required, or in purported compliance with such a notice has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice (a "**direction notice**") to such Member direct that:

(a) in respect of the shares in which the default occurred (the "**default shares**") the Member in question shall not be entitled to vote at a meeting of Members either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company;

(b) where the default shares represent at least 3/4 per cent, of the class of shares concerned, then the direction notice may additionally direct that:

(1) except in liquidation of the Company, no payment shall be made of any sums due from the Company on the default shares, whether in respect of capital or dividend or

otherwise, and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the Member;

(2) no other distribution shall be made on the default shares;

(3) no transfer of any of the shares held by such Member shall be registered unless:

(A) the Member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the Member in such form as the Board may in its absolute discretion require to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; or

(B) the transfer is an "approved transfer" as defined below.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

Any direction notice shall cease to have effect:

(a) In relation to any shares which are transferred by such Member by means of an "approved transfer" as defined in below; or

(b) When the Board is satisfied that such Member and any other person appearing to be interested in shares held by such Member, has given to the Company the information required by the relevant section 793 notice.

The Board may at any time give notice cancelling a direction notice.

For the purposes of an "approved transfer" as defined below:

(a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification under the said section 793 which either (i) names such person as being so interested or (ii) fails to establish the identities of all those interested in the shares and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

(b) the prescribed period is 14 calendar days from the date of service of the said notice under the section 793 notice unless the default shares represent at least 3/4 per cent, of the issued shares of that class, when the prescribed period is 7 calendar days from that date.

A transfer of shares is an approved transfer if but only if:

(a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a take-over offer made in respect of all of the issued shares of the Company;

(b) the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the Member and with other persons appearing to be interested in such shares; or

(c) the transfer results from a sale made through a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.

3.3 The following provisions of BVI law will apply to the Company:

(i) ***Pre-emption rights***

Section 46 of the Act provides that before issuing new shares that rank or would rank as to voting or distribution rights, or both, equally with or prior to shares already issued by a BVI company, the directors shall offer the shares to existing shareholders in a manner that, if the

offer was accepted by those shareholders, the existing voting or distribution rights, or both, of those shareholders would be maintained. Shares offered to existing shareholders pursuant to these provisions shall be offered at such price and on such terms as the shares are to be offered to other persons.

However, the provisions of section 46 of the Act will only apply to a company if its memorandum or articles of association expressly provide that such pre-emptive rights should apply. Alternatively, a BVI company may lawfully include in its constitutional documents different provisions for pre-emptive rights than those specified in the Act.

The constitutional documents of the Company do not incorporate the provisions of the Act as regards pre-emptive rights and nor do they contain provisions for different pre-emptive rights. As such, Shareholders will not benefit from pre-emption rights in respect of any future issuing of Ordinary Shares by the Company.

(ii) ***Corporate Reorganisations***

A publicly traded or widely held BVI business company may effect a reorganisation, in accordance with the provisions of BVI law by:

(a) a mandatory redemption of minority shares pursuant to section 176 of the Act;

(b) an arrangement pursuant to section 177 of the Act; or

(c) a merger or consolidation pursuant to section 170 of the Act.

Dissenting shareholders may exercise certain rights in respect of the three methods mentioned above, and may benefit from the rights to be paid a "fair value" for their shares and to receive such payment in cash. The three methods of reorganisation and the associated dissent rights of shareholders are considered below.

(a) *Redemption of minority shares*

Section 176 of the Act permits shareholders holding 90 per cent. of the votes of the outstanding shares of a company entitled to vote to direct the company to redeem the shares held by the remaining shareholders. On receipt of the direction, the company must redeem the shares irrespective of whether or not the shares are by their terms redeemable.

The company must give written notice to each shareholder whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. The redemption price may be any amount and the redemption proceeds may be paid in cash or goods. A shareholder whose shares are being redeemed may dissent and demand to be paid a "fair value" for their shares and to receive such payment in cash.

Shareholders entitled to use the power under section 176 of the Act may do so at any time, whether pursuant to a tender offer or otherwise.

(b) *Arrangement*

An arrangement includes a transfer of shares in a company for shares, debt obligations or other securities in the company, or money or other property, or a combination thereof. It also includes a reorganisation or reconstruction of a company. If the directors of a company determine that an arrangement is in the best interests of the company, its creditors or its shareholders, they may approve a plan of arrangement. The company must then apply to the court for its approval of the proposed arrangement. The court will review the arrangement for fairness and will determine whether certain additional approvals (such as shareholder or creditor approval) must be obtained and whether dissent rights should be granted. The court may approve or reject the plan of arrangement as proposed or may approve the plan of arrangement with such amendments as it may direct.

If a court approves the plan of arrangement, the directors may confirm the plan of arrangement as approved by the court. After the directors have confirmed the plan and obtained such approvals as may be required by the court, articles of arrangement (which include the plan of arrangement) are executed and filed with the Registrar of Corporate Affairs. The plan of arrangement will become effective on its registration by the Registrar of Corporate Affairs (or up to thirty days thereafter if the plan so provides).

(c) *Merger or consolidation*

Two or more companies may merge or consolidate in accordance with Section 170 of the Act. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent company must approve a written plan of merger or consolidation which must be authorised by a resolution of shareholders. The plan of merger or consolidation must include:

(a) the name of each constituent company and the name of the surviving company or the consolidated company, as the case may be;

(b) in respect of each constituent company,

(i) the designation and number of shares entitled to vote on the merger or consolidation, and

(ii) a specification of such shares, if any, entitled to vote as a class or series;

(c) the terms and conditions of the proposed merger or consolidation, including the manner and basis of cancelling, reclassifying or converting shares in each constituent company into shares, debt obligations or other securities in the surviving or consolidated company, or money or other asset, or a combination thereof;

(d) in respect of a merger, a statement of any amendment to the memorandum or articles of association of the surviving company to be brought about by the merger; and

(e) in respect of a consolidation, the memorandum and articles of association for the consolidated company.

While a director may vote on the plan even if he has a financial interest in the plan, in order for the resolution to be valid, the material facts of the interest and the director's relationship to any party to the transaction must be disclosed and the resolution approved:

(a) without counting the vote or consent of any interested director; or

(b) by the unanimous vote or consent of all disinterested directors if the votes or consents of all disinterested directors are insufficient to approve a resolution of directors.

Shareholders not otherwise entitled to vote on the merger or consolidation may still acquire the right to vote if the plan of merger or consolidation contains any provision which, if proposed as an amendment to the memorandum or articles of association, would entitle them to vote as a class or series on the proposed amendment. In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation. However, subject to the memorandum and articles of association, there are no super majority or majority of minority approvals required.

As indicated above, the shareholders of the constituent companies are not required to receive shares of the surviving or consolidated company but may receive debt obligations

or other securities of the surviving or consolidated company, or other assets, or a combination thereof. Further, some or all the shares of a class or series may be converted into a kind of asset while the other shares of the same class or series may receive a different kind of asset. As such, not all the shares of a class or series must receive the same kind of consideration.

After the plan of merger or consolidation has been approved by the directors and authorised by a resolution of the shareholders, articles of merger or consolidation are executed by each company and filed with the Registrar of Corporate Affairs. Articles of merger or consolidation must include the following:

(a) the plan of merger or consolidation and, in the case of a consolidation, the memorandum and articles of association of the consolidated company;

(b) the date on which the memorandum and articles of association of each constituent company were registered by the Registrar of Corporate Affairs; and

(c) the manner in which the merger or consolidation was authorised with respect to each constituent company.

(d) *Dissent rights*

A shareholder may dissent from a mandatory redemption of his shares, an arrangement (if permitted by the court), a merger (unless the shareholder was a shareholder of the surviving company prior to the merger and continues to hold the same or similar shares after the merger) and a consolidation. A shareholder properly exercising his dissent rights is entitled to payment in cash of the fair value of his shares.

A shareholder dissenting from a merger or consolidation must object in writing to the merger or consolidation before the vote by the shareholders on the merger or consolidation, unless notice of the meeting was not given to the shareholder or the proposed action was authorised by written resolution of the shareholders. If the merger or consolidation is approved by the shareholders, the company must within 20 days give notice of this fact to each shareholder who gave written objection and to each shareholder who did not receive notice of the meeting or to any shareholder who did not consent to the merger or consolidation if consent was obtained by written resolution. Such shareholders then have 20 days to give to the company their written election in the form specified by the Act to dissent from the merger or consolidation, provided that in the case of a merger, the 20 days starts when the plan of merger is delivered to the shareholder.

Upon giving notice of his election to dissent, a shareholder ceases to have any rights of a shareholder except the right to be paid the fair value of his shares. As such, the merger or consolidation may proceed in the ordinary course notwithstanding the dissent.

Within seven days of the later of the delivery of the notice of election to dissent and the effective date of the merger or consolidation, the company must make a written offer to each dissenting shareholder to purchase his shares at a specified price that the company determines to be their fair value. The company and the shareholder then have 30 days to agree upon the price. If the company and a shareholder fail to agree on the price within the 30 days, then the company and the shareholder shall each designate an appraiser and these two appraisers shall designate a third appraiser. These three appraisers shall fix the fair value of the shares as of the close of business on the day before the shareholders approved the transaction without taking into account any change in value as a result of the transaction.

(e) *Other considerations*

Under BVI law, the directors when considering a corporate reorganisation must always act in the best interests of the company. While a consequence of the transaction may be

to benefit a shareholder or a group of shareholders, this benefit cannot be the basis for the directors approving the going private transaction.

According to the provisions of the Act, if the affairs of the Company are conducted in a manner which is oppressive, unfairly discriminatory or unfairly prejudicial to a member, that member could complain to the Court. In the case of a breach of such provisions by other Members of the Company, the company and the persons in question could expose themselves to an action by the prejudiced members under which the Court would have wide powers of sanction.

4. Directors and other interests

4.1 Save as disclosed in this paragraph 4.2, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by, each Director) any interest in the share capital of the Company whether or not held through another party or any options in respect of such capital.

4.2 The interests of the Directors, both beneficial and non-beneficial, and persons connected with the Directors in the Ordinary Shares are as follows:

Name of director	*Number of Ordinary Shares held immediately following Admission*	*Percentage of Ordinary Shares held immediately following Admission (%)*
Phil Edmonds	6,000,000	1.8
Andrew Groves	6,000,000	1.8
Izak Holtzhausen	nil	nil

4.3 Details of options granted to the Directors (or their connected persons) over Ordinary Shares pursuant to the Share Option Scheme are set out in paragraph 9.3 of this Part V.

4.4 The tables below lists all of the companies and partnerships which each Director is currently a director or partner (excluding the Company) and lists those companies and partnerships of which each Director has been a director or partner at any time in the five years preceding the date of this document:

Phil Edmonds

Current Directorships	*Previous Directorships*
Central African Tantalum Limited	Abraxus Investments Plc
Edmonds Brothers (Contractors) Limited	African Platinum Limited
Central African Mining & Exploration Company Plc	Capricorn Resources Plc
White Nile Limited	Central African Gold Plc
London Beach Leisure Limited	England And Wales Cricket Board Limited
Mayfair UK (Properties) Limited	Grosvenor Land (North) Limited
	Grosvenor Land (South) Limited
	Grosvenor Land Holdings Limited
	London Fiduciary Limited
	London Fiduciary Trust Limited
	Plymouth & Exeter Properties Limited
	Southern African Mining & Exploration Company Plc
	Central African Diamonds Ltd
	Southern African Resources Plc
	Southern African Trading & Investment Company Plc
	Sweetridge Limited

Andrew Groves

Current Directorships	*Previous Directorships*
Central African Mining & Exploration Company Plc	African Platinum Limited
Central African Tantalum Limited	Southern African Mining & Exploration
Holtwood Properties Limited	Company Plc
Mayfair UK (Properties) Limited	Central African Diamonds Ltd
Ocelot Investments LLC	Southern African Trading & Investment
White Nile Limited	Company Plc
	Capricorn Resources Plc
	Jaguar Property Investments Limited
	Ingwe Property Management Limited
	Central African Gold Plc
	Southern African Resources Plc

Corne Holtzhausen

Current Directorships	*Previous Directorships*
Deca Lda	None
Exploracoes Mineiras Mocambicana Lda	
Karhula Investments Lda	
Sasmic Lda	
Swaps Lda	
Changara Investments Lda	
Minjoua Investments Lda	
Magmas Lda	
Xibala Lda	

4.5 Save as disclosed above, none of the Directors has:

(i) any unspent convictions relating to indictable offences;

(ii) had a bankruptcy order made against him or entered into any individual voluntary arrangements;

(iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into 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 at the time of, or within the twelve months preceding, such events;

(iv) been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within twelve months preceding, such events;

(v) had any asset belonging to him placed in receivership or been a partner of a partnership whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; or

(vi) been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

4.6 Save as disclosed above, no Director nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of ss 252 – 255 of the Companies Act) has or has had any direct or indirect interest in any asset which as been acquired or disposed of by, or leased to, the Company since the date of its incorporation or which is proposed to be so acquired, disposed of or leased.

5. Directors Service Contracts and Remuneration

Executive Directors

5.1 Izak Cornelis Holtzhausen (Development Director) was appointed as a director of the Company on 11 July 2008 and on 13 August 2008 a consultancy agreement was entered into between Mr Holtzhausen and the Company to formalise the arrangement for the provision of services by Mr Holtzhausen to the Company in the role of Development Director. This agreement can be terminated by the Company on 6 months' notice and by Mr Holtzhausen on 12 months' notice and does not contain provisions relating to benefits due to Mr Holtzhausen upon termination of the consultancy agreement. The consultancy fee payable to Mr Holtzhausen under the consultancy agreement is £25,000 per annum. The consultancy agreement provides for standard confidentiality and non-competition commitments by Mr Holtzhausen. The Company shall be entitled to terminate this agreement in certain situations, without notice, provided that Mr Holtzhausen receives payment in lieu of notice.

5.2 Phil Edmonds was appointed Executive Chairman on 11 July 2008 and on 13 August 2008 entered into a letter of appointment with the Company. Mr Edmonds will receive a fee of £25,000 per annum and his contract is terminable on 1 months notice from either Mr Edmonds or the Company. His letter of appointment imposes standard confidentiality obligations upon the directors.

Non-Executive director

5.3 Andrew Groves has been appointed as non-executive director of the Company. Mr Groves entered into an appointment letter with the Company on 13 August 2008 which provides that he shall receive a fee of £25,000 per annum (payable quarterly). This letter of appointment is terminable on 1 months' notice from the director or the Company and imposes standard confidentiality obligations upon the director.

Pension Arrangements

5.4 The Company has not put in place any pension arrangements as at the date of this document, nor does the Company contribute to any pension plan in respect of any of its employees.

Miscellaneous

5.5 Save for the payment in lieu of notice provisions disclosed in paragraphs 5.1 and 5.2, there are no service contracts, consultancy agreements or letters of appointment between any Directors and the Company which provide for benefits upon termination of employment.

5.6 Save as disclosed in paragraphs 5.1, 5.2 and 5.3, no service contracts, consultancy agreements or letters of appointment have been entered into or amended within 6 months of the date of this document with the Company.

5.7 No remuneration was paid and no benefits in kind were granted to the Directors for the year ended 31 March 2008. It is estimated that the aggregate remuneration paid and benefits in kind granted to the Directors for the year ending 31 March 2009, under the arrangements in force at the date of this document, will amount to approximately £57,000.

6. Related Party Agreements

6.1 The "Procana Acquisition Agreement", further details of which is set out in paragraph 8.8 of this Part V, is a related party transaction, in that following Admission, the Company will be a 29.5 per cent. subsidiary of CAMEC. Messrs Edmonds and Groves are both directors of and shareholders in CAMEC. The acquisition was carried out at arm's length.

6.2 Prior to 11 August 2008 CAMEC advanced to ProCana, by way of a working capital loans, in aggregate, the amount of US$4,187,159.77 (the "Pre-IPO CAMEC Loans"). These loans were not formally documented, but are nonetheless treated as related party transactions for the reasons set out in paragraph 6.1 of this Part V. The Pre-IPO CAMEC Loans have been incorporated into the CAMEC Working Capital Loan, which has been entered into on an arm's length basis.

6.3 The "CAMEC Working Capital Loan", further details of which are set out in paragraph 8.8 of this Part V is also a related party transaction, for the reasons set out in paragraph 6.1 of this Part V, and has been entered into on an arm's length basis.

6.4 Prior to 11 August 2008 Exporacoes Mineiras de Mocambique Limitada, a subsidiary of CAMEC, advanced to ProCana, by way of a working capital loans, in aggregate, the amount of US$428,964.18 (the "EMM Loans").

The loans referred to at paragraphs 6.3 and 6.4 were not formally documented, but are nonetheless treated as related party transactions and entered into on an arm's length basis. These loans have now been formally documented and details can be found at paragraphs 8.9 and 8.10 of Part V.

6.5 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.

7. Substantial Share Interests

7.1 Save as disclosed below, and as set out below, the Directors are not aware of any person who, directly or indirectly had an interest in 3 per cent. or more of the voting rights of the Company which is/would be notifiable to the Company under its articles of association as at the date of the publication of this document and immediately following completion of the Placing and Admission:

	As at the date of this document		*Following the Placing and Admission*	
Name	*Ordinary Shares*	*%*	*Ordinary Shares*	*%*
CAMEC	98,500,000	37.4	98,500,000	29.6
Ashendon Investments Inc.	86,680,000	32.9	86,680,000	26.0
Ely Place Nominees Limited*	20,000,000	7.6	20,000,000	6.0
US Global Investors Global Resources Fund	8,750,000	3.3	8,750,000	2.6
George Robinson	8,000,000	3.0	24,000,000	7.2
The Wildhorn Masterfund	8,000,000	3.0	8,000,000	2.4
Crosland Global Limited	6,000,000	2.3	18,000,000	5.4

*These Ordinary Shares are held on trust to be allocated at the discretion of the Board, either as incentives to future management of the Company or in connection with future transactions by the Company.

7.2 The major Shareholders of the Company do not have different voting rights. There are no measures in place to ensure that control by a significant Shareholder is not abused.

7.3 Save as disclosed in this paragraph 7 the Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally control over the Company.

7.4 There are no arrangements known to the Company which may, at a later date, result in a change of control of the Company.

8. Material Contracts

The following contracts have been entered into by the Company, otherwise than in the ordinary course of business, during the two years preceding the date of this document, and are or may be material:

8.1 ***Nominated Adviser Agreement***

On 26 August 2008 the Company entered into an agreement with Seymour Pierce pursuant to which Seymour Pierce agreed to act as the Company's nominated adviser for an annual retainer fee of £30,000. The agreement is terminable by either party on giving not less than 3 months notice provided that no such notice may be given prior to the first anniversary. The agreement contains indemnities given by the Company to Seymour Pierce.

8.2 ***Broker Agreement***

On 26 August 2008 the Company entered into an agreement with Haywood pursuant to which Haywood agreed to act as the Company's broker for an annual retainer fee of £30,000. The agreement is terminable by either party on giving not less than 3 months' notice.

The agreement provides that the Company is not permitted to appoint another broker without obtaining Haywood's prior consent and the Company has granted Haywood a right of first refusal in respect of providing investment banking services in relation to capital raising for a period of 12 months from the date of the agreement. The agreement contains standard confidentiality, indemnity, and limitation on liability provisions.

8.3 ***Lock-in Agreements***

On 26 August 2008, the Company entered into lock-in agreements with each of Philippe Edmonds, Andrew Groves and CAMEC and, on 13 August 2008, Ashendon Investments Inc. ("Locked-in Shareholders") pursuant to which each of the Locked-in Shareholders agreed (subject to certain limitations discussed below) not to dispose of any Ordinary Shares, and to procure that no persons associated with the Locked-in Shareholder who are the absolute beneficial and registered owners of Ordinary Shares will dispose of any Ordinary Shares for a period of 12 months from Admission and, for the next following period of 12 months, not to dispose of any Ordinary Shares other than through the Company's broker from time to time in an orderly manner.

Certain disposals are permitted, including:

- any disposal pursuant to acceptance of a takeover offer, which is open to all the Shareholders, made to acquire the whole or a part of the issued share capital of the Company (other than any Shares already held by the offeror or persons acting in concert with the offeror) (a "Takeover Offer");
- the execution of an irrevocable commitment to accept a Takeover Offer (as defined above) for the whole or a part of the issued share capital of the Company (other than any shares already held by the offeror or persons acting in concert with the offeror);
- to any disposal pursuant to an intervening court order; or
- to any disposal to or by the personal representatives upon death pursuant to will or intestacy.

8.4 ***Placing and Admission Agreement***

The Company entered into a Placing and Admission Agreement dated 26 August 2008 between the Company (1), Haywood Securities (UK) Limited (2), Seymour Pierce Limited (3), and the Directors (4). Under the Placing and Admission Agreement Haywood Securities (UK) Limited conditionally agreed on the terms and conditions of the Placing Agreement to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price, and Seymour Pierce agreed to act as the Company's Nominated Adviser.

Under the Placing Agreement the Company agreed to pay Haywood Securities (UK) Limited a commission of 4 per cent. on the gross proceeds raised from the Placing Shares in addition to certain expenses incurred by Haywood Securities (UK) Limited.

The Placing Agreement contains warranties given to Haywood Securities (UK) Limited and Seymour Pierce Limited by the Company and the Directors and an indemnity given to Haywood Securities (UK) Limited and Seymour Pierce Limited by the Company with the liability of the Directors in respect of the warranties being subject to individual limits.

Haywood Securities (UK) Limited and/or Seymour Pierce Limited are entitled to terminate their obligations under the Placing Agreement in certain specified circumstances prior to Admission.

8.5 ***Investment Agreement***

On 10 October 2007, the shareholders of ProCana entered into the Investment Agreement with the government of Mozambique, pursuant to which the shareholders undertook to invest an amount equivalent to US$510,042,136 into ProCana over a period of 15 years from the date of the agreement by a combination of direct investment by the shareholders and debt financing. The Investment Agreement provides for the granting of tax and custom incentives by the government of

Mozambique in consideration for ProCana and its shareholders complying with their obligations under the Investment Agreement. Failure to comply with the obligations set out in the Investment Agreement relating to the creation of favourable infrastructure and operating conditions in relation to the farming of cattle for the project's local community (or with failure to comply with ProCana's obligations under the exploration plan submitted to the National Directorate of Land and Forests) within the period of the provisional DUAT may result in the definitive DUAT not being granted to ProCana.

Further details of the Investment Agreement, including the sanctions for breach of the undertakings contained within the Investment Agreement are set out at paragraph 4 of the Part I of this document.

8.6 ***Pre-IPO Fundraising (1)***

In February 2008 various parties signed placing letters in respect of a placing by the Company of 46,425,600 Ordinary Shares (the "1st Round Placing") at a price of 12.5 pence per Ordinary Share. The material terms of the 1st Round Placing were that 80 per cent. of the amounts subscribed by each subscriber would be held on trust pending the Admission and that in the event that the Ordinary Shares were not admitted to trading on AIM on or before 30 September 2008 the Company would buy-back the Ordinary Shares in question at not less than 80 per cent. of the subscription price paid (plus accrued interest).

8.7 ***Pre-IPO Fundraising (2)***

On 2 June 2008 Mr Groves, Mr Edmonds and Wadebridge Investments Limited and on 5 August 2008, Crosland Global Limited (the "2nd Round Subscribers") each entered into subscription agreements with the Company in respect of 2,000,000 Ordinary Shares each and in the case of Crosland Global Limited, 6,000,000 Ordinary Shares (12,000,000 Ordinary Shares in aggregate) ("2nd Round Shares") at a price of 12.5 pence per Ordinary Share. These agreements completed on 5 June 2008 and 12 August 2008 respectively when the 2nd Round Shares were issued to the 2nd Round Subscribers.

8.8 ***ProCana Acquisition Agreement***

On 20 March 2008, the Company entered into a share exchange agreement in respect of the acquisition of 94 per cent. of the share capital in ProCana from CAMEC and Ashendon Investments Inc. Completion of this agreement was conditional upon consent to the transaction being given by the Government of Mozambique. The requisite consent was given on 15 July 2008, following which the Company acquired 94 per cent. of the share capital of ProCana, in consideration for the issue by the Company of 98,500,000 Ordinary Shares to CAMEC and of 86,680,000 Ordinary Shares to Ashendon Investments Inc, on 12 August 2008.

8.9 ***CAMEC Working Capital Loan***

On 11 August 2008 ProCana entered into a working capital loan agreement with CAMEC which was superseded and replaced by a further working capital loan agreement entered into between CAMEC and ProCana dated 26 August 2008 ("CAMEC Working Capital Loan"). Under the terms of the CAMEC Working Capital Loan Agreement CAMEC has agreed to make available to ProCana a facility of up to US$22 million, and to roll into this facility all amounts which had been advanced by CAMEC to ProCana prior to 11 August 2008 (being US$4,187,159.77). The purpose of the CAMEC Working Capital Loan Agreement is to assist ProCana in meeting its working capital requirements for the period of two years following completion of the Placing and Admission at which point the principal amount of the loan together with all accrued interest will be repayable (subject to ProCana exercising its rights to early repayment), along with a facility fee of US$50,000. Interest is charged on all outstanding amounts at a rate of 7 per cent., compounded monthly and is deemed to accrue with effect from 11 August 2008.

8.10 ***EMM Working Capital Loan***

On 11 August 2008 ProCana entered into a working capital loan agreement with Exploracoes Minerias de Mocambique Limitada ("EMM"). Under the terms of this agreement EMM has agreed to make available to ProCana a facility of up to US$500,000, and to roll into this facility all amounts which had been advanced by EMM to ProCana prior to the date of this agreement (being US$428,964.18). The purpose of this agreement is to assist ProCana in meeting its working capital requirements for the period of two years following completion of the Placing and Admission at which

point the principal amount of the loan together with all accrued interest will be repayable (subject to ProCana exercising its rights to early repayment), along with a facility fee of US$2,500. Interest is charged on all outstanding amounts at a rate of 7 per cent. per annum, compounded monthly.

8.11 ***Administrative and support services agreement***

On 8 August 2008 the Company entered into an agreement with Central African Mining & Exploration Company plc ("CAMEC") pursuant to which CAMEC agreed to provide administrative and support services to the Company on an *ad hoc* basis. Such services include, but are not limited to the provision of financial reporting and accounting services. In consideration for the provision of the services by CAMEC, the Company has agreed to pay CAMEC £10,000 per annum, payable quarterly in advance.

9. Share Option Plan

9.1 On 31 July 2008 the Company adopted the Share Option Scheme, for which no application for approval was made to HMRC.

9.2 The principal features of the Share Option Scheme, which is administered by the Board, are as follows:

Eligible participants

Directors of, employees of and consultants to the Company or any of its subsidiaries from time to time who are not bound to retire within the period of two years after the date on which the Board invites such persons to apply for the grant of options.

Grant of options

The Board may invite an eligible participant to apply to the Company for the grant of an option at any time, provided that an invitation to the directors of the Company may only be made during a period in which dealings are permitted under the model code on directors' dealings in securities published by the UKLA.

An invitation to take up an option shall be personal to the eligible participant and shall not be capable of being transferred or assigned.

Exercise Price

The Board shall determine the option price for each share comprised in an option which shall not be less than the highest of the average middle market quotation of the shares or, as the case may be, the average price of dealings in the shares for the five dealing days preceding the invitation date and the nominal value of a share.

Exercise of options

Options will be exercisable during a period (being not less than one year) determined by the Board, such period to commence on a date determined by the Board but not longer than five years from the grant of that option. Earlier exercise is permitted in the event of the takeover (although in this event there are provisions which may entitle the eligible participant to transfer into the acquiring company scheme), or a reconstruction or liquidation of the Company. Further, an earlier exercise is permitted if the eligible participant ceases to be a director of, employee of or consultant to the Company or any of its subsidiaries by reason of his death, ill health, injury, disability, retirement or redundancy. There are time limits in which early exercise of options in such circumstances must be made, failing which the options lapse. Except in these circumstances, options will lapse if the eligible participant ceases to be employed by, a director of or a consultant to the Company or any of its subsidiaries.

Variation of share capital

On a variation in the issued share capital of the Company by way of a capitalisation issue, rights issue, division or combination, the option price and/or the number of shares subject to an option and/or the aggregate maximum number and/or nominal value of the shares available under the Share Option Scheme may be varied or adjusted by the Board (either generally or in relation to a

particular participant) as it may in its absolute discretion determine to be appropriate, subject to:

(a) the Company's auditors confirming in writing that in their opinion such variation or adjustment is fair and reasonable; and

(b) such variation or adjustment not resulting in shares being issued on the exercise of an option would fall to be issued at a discount.

Allocation of shares

Shares allotted and issued following exercise of an option will rank *pari passu* with the ordinary shares then in issue, save as regards dividends payable by reference to a record date prior to the date of issue. The Company will at all times keep available sufficient authorised and unissued share capital to satisfy outstanding options. The holder of shares issued pursuant to the Share Option Scheme shall not be entitled to sell more than 500,000 shares in any 12 month period or more than 50,000 shares per calendar month. Shares issued pursuant to the exercise of an option granted under the Share Option Scheme shall be issued to a nominee appointed by the Company for the purposes of ensuring compliance with the foregoing restrictions and ensuring an orderly market in the Ordinary Shares.

Limits

The maximum number of ordinary shares which may be issued on the exercise of options shall not exceed in aggregate the number of ordinary shares which represent 10 per cent. in number of the Ordinary Shares in issue or allotted from time to time.

Variation

The Board has power from time to time to vary the regulations for the administration and operation of the Share Option Scheme provided that such variation is not inconsistent with the provisions of the Share Option Scheme and (*inter alia*) does not operate to vary adversely the terms of any options granted prior to such variation. Further, the Board may at any time terminate the operation of the Share Option Scheme. Variation of the Share Option Scheme is not subject to prior Inland Revenue approval.

9.3 As at the date of this document, pursuant to the Share Option Schemes, the Company has granted options over the Ordinary Shares as set out in the table below.

Name	*No. of Options*	*Exercise Price*	*Date of Grant*	*Option Exercise Period*
Philippe Edmonds	2,000,000	30p	31.07.08	5 years from the date of grant
Andrew Groves	2,000,000	30p	31.07.08	5 years from the date of grant
Corne Holtzhausen	2,000,000	30p	31.07.08	5 years from the date of grant

9.4 Details of warrants granted in respect of Ordinary Shares as at the date of this document are set out in the table below.

Name	*No. of Warrants*	*Exercise Price*	*Date of Grant*	*Warrant Exercise Period*
Haywood Securities (UK) Limited	2,785,536	12.5p	5 March 2008	12 months from 21 February 2008

10. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for the Group's present requirements, that is for at least twelve months from the date of Admission.

11. Litigation

Neither the Company nor ProCana is engaged in any litigation or arbitration or governmental proceeding (nor have they been since incorporation), and, so far as the Directors are aware, neither the Company nor ProCana has any litigation or claim or governmental proceeding pending or threatened against it which has, has had or may have a significant effect on the Company's financial position.

12. Licences, Patents etc.

12.1 ProCana has submitted an application for a Water Rights Concession (a licence from the Regional Water Administration that authorises the Company to use certain water quantities from a certain area), but it has not yet been granted. Nevertheless the South Regional Water Administration has issued a Water Guarantee Letter and has signed a Memorandum of Understanding with the Company. The South Regional Water Administration has secured its capability in supplying 750 million cubic meters of water per year and has entered into a Memorandum of Understanding with ProCana in order to provide such guarantee of water supply. The granting of the Water Rights Concession, is pending an environmental impact assessment being undertaken by AGRODEC.

12.2 ProCana has been awarded with an importers license (No. 2674/1101/M/08, valid until 3 January 2009), which permits it to import goods, materials and equipment. This license is renewable annually.

12.3 As at the date of this document ProCana is not required to have either an industrial license (which allows the Company to run and undertake industrial activities in the factory that will be built) or a fuel production license (which allows companies to undertake fuel production), nor does the Company require any further licenses, consents, waivers or other forms of approval from any government authority in Mozambique in order to proceed with the project at this stage.

12.4 An industrial licence and a fuel production licence will be required at such time as ProCana begins its industrial processing activities/operations. If ProCana fails to obtain these licenses at the appropriate time, it may suffer severe negative consequences (in accordance with applicable local legislation).

13. Taxation

The following is a summary of certain tax matters and that should be considered by prospective investors. Investors are advised, however, to consult their own professional tax advisers about the tax consequences to them of the acquisition, ownership, conversion and disposal of Ordinary Shares in the Company.

The summary below is based on advice received by the Company with regard to current law and practice and is necessarily general in nature. Moreover, while the summary below is based on laws in effect as at the date of this Admission Document, such laws are subject to change. The Directors and other parties involved in the listing of the Ordinary Shares and the Issue do not accept any responsibility for any adverse tax liabilities which may accrue to holders of Ordinary Shares. The Company does not intend to assume responsibility for the withholding of taxes at source in respect of any of the jurisdictions in which Investors may reside.

(i) United Kingdom

Preliminary

The following statements are intended only as a general guide to certain United Kingdom ("UK") tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of holding Ordinary Shares. They are based (except insofar as express reference is made to prospective legislative changes) on current UK legislation and the practice of HM Revenue & Customs ("HMRC"), which may change, possibly with retrospective effect.

Except insofar as express reference is made to the contrary, the following statements apply only to purchasers or subscribers who purchase or subscribe for Ordinary Shares pursuant to the Placing in accordance with this Admission Document and not to investors purchasing Ordinary Shares in the

secondary market. In addition, they apply only to Subscribers who are UK resident, ordinarily resident and domiciled for tax purposes (except insofar as express reference is made to the treatment of non- UK residents), who hold their Ordinary Shares as an investment and who are the absolute beneficial owner of both the Ordinary Shares and any income distributions or capital distributions ("Distributions") paid on them. The tax position of certain categories of Subscribers who are subject to special rules (such as persons acquiring their Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

General

The Directors intend to conduct the affairs of the Company in such a manner as to ensure that it does not become resident in the UK for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the Company will not be subject to UK income tax or corporation tax other than on UK source income.

UK anti-avoidance legislation (Chapter V of Part XVII of the UK Income and Corporation Taxes Act 1988 (the "Taxes Act") (the "offshore funds rules") applies to disposals by investors of "material interests in offshore funds". Where applicable, the legislation taxes as income what would otherwise be a capital gain in the investor's hands. Under current UK law and practice, Ordinary Shares held by purchasers or subscribers who subscribe for them pursuant to the Placing in accordance with this Admission Document will not constitute "material interests" for the purposes of the legislation. This will not necessarily be the position for investors purchasing Ordinary Shares in the secondary market, who may be subject to the UK offshore funds rules.

Accordingly, under current law purchasers or subscribers (other than those holding Ordinary Shares as trading stock, who are subject to separate rules) who are resident or ordinarily resident in the UK, or who carry on business in the UK through a branch or agency (if an individual), or a permanent establishment (if a corporation) with which their investment in the Company is connected may, depending on their circumstances and any available reliefs, and subject as mentioned below, be liable to UK tax on capital gains realised on the disposal of their Ordinary Shares (or obtain relief for any loss). Holders of Ordinary Shares who are within the charge to UK corporation tax will benefit from indexation allowance which, in general terms increases the capital gains tax base cost of an asset in accordance with the rise in the retail price index.

In October 2007 HMRC published a consultation document on the offshore funds rules. The document outlines a potential replacement for the current regime which is somewhat wider in scope. If the consultation document proposals were enacted, it is possible that purchasers or subscribers would fall within the replacement regime and that gains on a disposal of Ordinary Shares would be taxed as income rather than capital.

Tax on disposal

An individual purchaser or subscriber who is resident or ordinarily resident in the UK will be liable to UK capital gains tax on chargeable gains on the disposal of Ordinary Shares, whether or not such gains are received, or treated as received, in the UK.

A holder of Ordinary Shares who is neither resident nor, in the case of a non-corporate holder, ordinarily resident in the UK for UK taxation purposes is not subject to UK taxation of chargeable gains unless, in the case of a non-corporate holder, he carries on a trade, profession or vocation in the UK through a branch or agency or, in the case of a corporate holder, it carries on a trade in the UK through a permanent establishment and the assets disposed of are situated in the UK and are used or held for the purposes of the branch or agency or the permanent establishment (as the case may be) or are acquired for use by or for the purposes of that branch or agency or that permanent establishment (as the case may be).

In some circumstances individuals becoming temporarily non-UK resident after 16 March 1998 could become subject to UK taxation on chargeable gains in the year of return to the UK on chargeable gains realised in the intervening years.

Taxation of Distributions on Ordinary Shares

UK resident individual purchasers or subscribers will be liable to income tax on the gross amount of any Distributions received. An individual purchaser or subscriber who is subject to income tax at the higher rate will be subject to UK income tax on such Distributions at the rate of 32.5 per cent. UK resident corporate purchasers or subscribers will be liable to corporation tax in respect of Distributions received from the Company.

It was announced in the Chancellor of the Exchequer's 2008 Budget speech that with effect from 6 April 2008, UK resident individuals in receipt of distributions from non-UK resident companies who own less than a 10 per cent. shareholding in those companies will become entitled to a non-payable tax credit of one ninth of the distribution received. Tax will be then be charged on the amount of the distribution received, grossed up to include the tax credit. This will have the effect (for the tax year to 5 April 2009) of lowering the effective rate of UK income tax on Distributions to 0 per cent. (in the case of a basic-rate taxpayer) and 25 per cent. (in the case of a higher-rate taxpayer).

A purchaser or subscriber who is not resident in the UK for UK tax purposes will not be liable to income or corporation tax in the UK on Distributions paid on the Ordinary Shares unless such a purchaser or subscriber carries on a trade (or profession or vocation) in the UK and the Distributions are either a receipt of that trade or, in the case of corporation tax, the Ordinary Shares are held by a UK permanent establishment through which the trade is carried on.

Stamp duty and stamp duty reserve tax ("SDRT")

No UK stamp duty, and no UK SDRT, will be payable on issue of the Ordinary Shares. UK stamp duty (at the rate of 0.5 per cent., rounded up where necessary to the nearest £5 of the amount of consideration for the transfer) is payable on any instrument of transfer of the Ordinary Shares executed within, or in some circumstances brought into, the UK. Provided that the Ordinary Shares are not registered in any register by or on behalf of the Company kept in the UK and that the Ordinary Shares are not paired with Ordinary Shares issued by a company incorporated in the UK, an agreement to transfer the Ordinary Shares will not be subject to UK SDRT.

Other UK tax considerations

The attention of individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These contain anti-avoidance provisions dealing with the transfer of assets to overseas persons and may render such individuals liable to taxation in respect of undistributed profits of the Company. More generally, the attention of purchasers or subscribers is also drawn to the provisions of Chapter 1 of Part 13 of the Income Tax Act 2007 (in the case of individual purchasers or subscribers) and sections 703-709 of the Taxes Act (in the case of corporate purchasers or subscribers) which give powers to HMRC to cancel tax advantages derived from certain transactions in securities.

The attention of companies resident in the UK is drawn to the fact that the "controlled foreign companies provisions" contained in sections 747-756 of the Taxes Act could be material to any company so resident that holds alone, or together with certain other associated persons, 25 per cent., or more of the Ordinary Shares, if at the same time the Company is controlled by companies or any other persons who are resident in the UK for taxation purposes. Persons who may be treated as "associated" with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control. The effect of such provisions could be to render such companies liable to UK corporation tax in respect of undistributed income profits of the Company.

The attention of UK resident or ordinarily resident purchasers or subscribers is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where the Company would, if UK resident, be a close company, a portion of capital gains made by the Company can be attributed to an investor who, alone or together with associated persons, has more than a 10 per cent. interest in the Company.

(ii) United States of America

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

CIRCULAR 230 DISCLOSURE

THE FOLLOWING SUMMARY WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING US FEDERAL, STATE, OR LOCAL TAX PENALTIES. THE FOLLOWING SUMMARY WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE ORDINARY SHARES. EACH HOLDER OF ORDINARY SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion summarizes certain of the material US federal income tax consequences of the acquisition, beneficial ownership, and disposition of the Ordinary Shares. This summary addresses only "US Holders" who acquire Ordinary Shares in this offering. For purposes of this summary, a "US Holder" is a beneficial owner of Ordinary Shares that is:

- an individual who is a citizen or a resident of the United States, for US federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for US federal income tax purposes) that is created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);
- an estate whose income is subject to federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States "persons" (as defined for US federal income tax purposes) have the authority to control all of its substantial decisions or, to the extent provided in applicable Treasury regulations, a trust in existence on August 20, 1996 which is eligible to elect to be treated as a US Person.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for those purposes all of the days present in the current year, one third of the days present in the immediately preceding year, and one sixth of the days present in the second preceding year).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any of those changes may be applied retroactively and may adversely affect the US federal income tax consequences described herein. This summary addresses only Ordinary Shares that are held as capital assets and not as part of a "straddle," "hedge," "synthetic security," or "conversion transaction" for US federal income tax purposes or as part of some other integrated investment. This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the federal income tax laws (such as banks, thrifts or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; regulated investment companies or real estate investment trusts; small business investment companies; S corporations; investors that hold their Ordinary Shares through a partnership or other entity treated as a partnership for US federal income tax purposes; investors whose functional currency is not the US dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; retirement plans or other tax-exempt entities, or persons holding Ordinary Shares in tax-deferred or tax-advantaged accounts; or "controlled foreign corporations" or "passive foreign investment companies" for US federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder, or any state, local or foreign tax consequences of the acquisition, ownership or disposition of Ordinary Shares. This summary also does not address the tax consequences to persons that are not US Holders.

PROSPECTIVE PURCHASERS OF ORDINARY SHARES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE US FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES.

Passive Foreign Investment Company

Although uncertain, based on current business plans and available projections of the income and assets of the Company, the Company believes there is a meaningful risk that it and certain of its subsidiaries are or will be a passive foreign investment company ("PFIC") for its current taxable year or future taxable years. Moreover, because the Company has not yet commenced significant commercial operations, no assurance can be given regarding the Company's future status as a PFIC.

The Company generally will be a PFIC if, for a taxable year, (a) 75 per cent. or more of the gross income of the Company for such taxable year translated into US dollars based on an average exchange rate for the Company's taxable year is passive income or (b) 50 per cent. or more of the assets held by the Company either produce passive income or are held for the production of passive income, based on the fair market value of such assets (or on the adjusted tax basis of such assets, if the Company is not publicly traded and either is a "controlled foreign corporation" or makes an election). Thus, the Company may be or become a PFIC. For purposes of the PFIC income test and assets test described above, if the Company owns, directly or indirectly, 25 per cent. or more of the total value of the outstanding shares of another foreign corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other foreign corporation and (b) received directly a proportionate share of the income of such other foreign corporation. Therefore, the income earned by and assets owned by the Company's 25 per cent. and greater-owned subsidiaries will be treated as earned and owned by the Company for purposes of these tests.

"Passive income" for these purposes includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, certain gains from commodities transactions, and certain gains from other property. However, passive income does not include gains from the sale of inventory or "dealer property" (generally property sold regularly and actively by a dealer to unrelated customers in the ordinary course of a trade or business). Thus, if more than 25 per cent. of the gross income of the Company and its 25 per cent. and greater subsidiaries and more than 50 per cent. of the assets of the Company and its 25 per cent. and greater subsidiaries are inventory or dealer property, the Company generally should not be a PFIC. It is unclear whether the Company will satisfy this test.

Moreover, active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation's commodities are stock in trade of such foreign corporation or other property of a kind which would properly be included in inventory of such foreign corporation, or property held by such foreign corporation primarily for sale to customers in the ordinary course of business. Commodities are defined for this purpose as tangible personal property of a kind that is actively traded or with respect to which contractual interests are actively traded.

If the Company is a PFIC, US Holders will be deemed to own their proportionate share of the Company's subsidiaries which are PFICs (such subsidiaries referred to as "Subsidiary PFICs"), and will be subject to US federal income tax on (i) distributions in respect of shares of a Subsidiary PFIC and (ii) a disposition of shares of a Subsidiary PFIC by the Company, both as if the holder directly held the shares of such Subsidiary PFIC.

Even if the Company determines that it and its subsidiaries are not PFICs, the IRS could challenge the determination made by the Company concerning its PFIC status (and the PFIC status of its subsidiaries). Each US Holder should consult its tax adviser regarding whether the Company (or any of its subsidiaries) will be treated as a PFIC.

US Federal Income Tax Consequences if the Company is or Becomes a PFIC

Default PFIC Rules under Section 1291 of the Code

If the Company is a PFIC, the US federal income tax consequences to a US Holder of the acquisition, ownership and disposition of Ordinary Shares will depend on whether such US Holder makes an election to treat the Company (and/or a Subsidiary PFIC) as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "QEF Election") or has made a mark-to-market election under Section 1296 of the Code (a "Mark-to-Market Election") with respect to the Ordinary Shares. A US Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "Non-Electing US Holder."

A Non-Electing US Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Ordinary Shares and (b) any excess distribution paid on the Ordinary Shares. A distribution generally will be an "excess distribution" to the extent that such distribution translated into US dollars at the spot rate on the date received (together with all other distributions received in the current taxable year) exceeds 125 per cent. of the average distributions received during the three preceding taxable years (or during a US Holder's holding period for the Ordinary Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of the Ordinary Shares of the Company, if it is a PFIC (including an indirect disposition of shares of a Subsidiary PFIC), and any excess distribution paid on such Ordinary Shares (or an excess distribution by a Subsidiary PFIC to its shareholder that is deemed to be received by a US Holder) must be ratably allocated to each day of a Non-Electing US Holder's holding period for the Ordinary Shares. The amount of any such gain or excess distribution allocated to the taxable year of disposition or excess distribution and to years before the Company became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other taxable year would be subject to US federal income tax at the highest tax applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing US Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If the Company is a PFIC for any taxable year during which a Non-Electing US Holder holds Ordinary Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing US Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent years. If the Company ceases to be a PFIC, a Non-Electing US Holder may terminate this deemed PFIC status with respect to Ordinary Shares by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Ordinary Shares were sold on the last day of the last taxable year for which the Company was a PFIC.

QEF Election

A QEF Election may be available for the Ordinary Shares. A US Holder that makes a QEF Election for the first taxable year in which its holding period of its Ordinary Shares begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Ordinary Shares. However, a US Holder that makes a QEF Election will be subject to US federal income tax on such US Holder's pro rata share of (a) the net capital gain of the Company, translated into US dollars based on the average exchange rate for the Company's taxable year, which will be taxed as long-term capital gain to such US Holder, and (b) the ordinary earnings of the Company, translated into US dollars based on the average exchange rate for the Company's s taxable year, which will be taxed as ordinary income to such US Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital gain, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A US Holder that makes a QEF Election will be subject to US federal income tax on such amounts for each taxable year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such US Holder by the Company. However, a US Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current US federal income tax on such amounts, subject to an interest charge. If such US Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A US Holder that makes a QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents "earnings and profits" of the Company that were previously included in income by the US Holder because of such QEF Election and (b) will adjust such US Holder's tax basis in the Ordinary Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a US Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Ordinary Shares.

The procedure for making a QEF Election, and the US federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" if such QEF Election is made for the first year in the US Holder's holding period for the Ordinary Shares in which the Company was a PFIC. A US Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such US Holder files a US federal income tax return for such year.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a US Holder makes a QEF Election and, in a subsequent taxable year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent taxable year, the QEF Election will be effective and the US Holder will be subject to the QEF rules described above during a subsequent taxable year in which the Company qualifies as a PFIC.

However, US Holders should be aware that, with respect to any Subsidiary PFIC, there can be no assurance that the Company will be able to satisfy the record keeping requirements that apply to a QEF, or that the Company will supply US Holders with information that such US Holders require to report under the QEF rules, in the event that the Company is a PFIC and a US Holder wishes to make a QEF Election with respect to the Company or such Subsidiary PFIC. With respect to the Company or Subsidiary PFICs for which the Company does not obtain the required information, US Holders will continue to be subject to the rules discussed above with respect to the taxation of gains and excess distributions. Each US Holder should consult its tax advisor regarding the availability of, and procedure for making, a QEF Election with respect to the Company and any Subsidiary PFIC.

Mark-to-Market Election

A US Holder may make a Mark-to-Market Election only if the Ordinary Shares are marketable stock. The Ordinary Shares generally will be "marketable stock" if the Ordinary Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) a national market system established pursuant to Section 11A of the US Securities Exchange Act, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. It is anticipated that a listing of the Ordinary Shares on the AIM Market of the London Stock Exchange will qualify such shares as "marketable stock," although each US Holder should consult its own financial advisor, legal counsel, or accountant in this regard.

A US Holder that makes a Mark-to-Market Election with respect to its Ordinary Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to the Ordinary Shares. However, if a US Holder does not make a Mark-to-Market Election beginning in the first taxable year of such US Holder's holding period for the Ordinary Shares or such US Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above with respect to Non-Electing Holders will apply to certain dispositions of, and distributions on, the Ordinary Shares.

A US Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Ordinary Shares as of the close of such taxable year, over (b) such US Holder's tax basis in such Ordinary Shares. Conversely, a US Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (i) such US Holder's adjusted tax basis in the Ordinary Shares, over (ii) the fair market value of such Ordinary Shares (but only to the extent of the net amount of previously included income a result of the Mark-to-Market Election for prior taxable years).

A US Holder that makes a Mark-to-Market Election generally also will adjust such US Holder's tax basis in the Ordinary Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Ordinary Shares, a US Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless the Ordinary Shares cease to be "marketable stock" or the IRS

consents to revocation of such election. Each US Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a US Holder may be eligible to make a Mark-to-Market Election with respect to the Ordinary Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a US Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

The IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a US Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Ordinary Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific US federal income tax consequences to a US Holder may vary based on the manner in which Ordinary Shares are transferred.

Certain additional adverse rules will apply with respect to a US Holder if the Company is a PFIC, regardless of whether such US Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a US Holder that uses Ordinary Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Ordinary Shares.

In addition, a US Holder who acquires Ordinary Shares from a decedent will not receive a "step up" in tax basis of such Ordinary Shares to fair market value.

Special rules also apply to the amount of foreign tax credit that a US Holder may claim on a distribution from a PFIC.

The PFIC rules are complex, and each US Holder should consult its tax advisor regarding the PFIC rules and how the PFIC rules may affect the US federal income tax consequences of the acquisition, ownership, and disposition of Ordinary Shares.

US Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Ordinary Shares in the Event the Company is Not a PFIC and Does Not Become One.

General Taxation of Distributions

If the Company is not a PFIC and does not become one, a US Holder that receives a distribution, including a constructive distribution, with respect to an Ordinary Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Company, as computed for US federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a US Holder's tax basis in the Ordinary Shares and thereafter as gain from the sale or exchange of such Ordinary Shares. (See "Sale or Other Taxable Disposition of Ordinary Shares" below). Dividends received on Ordinary Shares generally will not be eligible for the "dividends received deduction".

For taxable years beginning before January 1, 2011, a dividend paid to a US Holder who is an individual, estate or trust by the Company generally will be taxed at the preferential tax rates applicable to long-term capital gains if the Company is a "qualified foreign corporation" ("QFC") and certain holding period requirements for the Ordinary Shares are met. The Company generally will be a QFC as defined under Section 1(h)(11) of the Code if the Company is eligible for the benefits of a tax treaty with the United States or its shares are readily tradable on an established securities market in the US However, even if the Company satisfies one or more of these requirements, the Company will not be treated as a QFC if the Company is a PFIC for the taxable year during which it pays a dividend or for the preceding taxable year. See "Passive Foreign Investment Company" above. If the Company is not a QFC, a dividend paid by the Company to a US Holder generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). Under current law, a dividend paid by the Company in a taxable year beginning on or after January 1, 2011 will generally be taxed at ordinary income tax rates.

Distributions Paid in Foreign Currency

The amount of a distribution paid to a US Holder in foreign currency generally will be equal to the US dollar value of such distribution based on the exchange rate applicable on the date of receipt. A US Holder that does not convert foreign currency received into US dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the US dollar value of such foreign currency on the date of receipt. Such a US Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for US dollars).

Foreign Tax Credit

A US Holder who pays (whether directly or through withholding) income tax with respect to dividends paid on the Ordinary Shares generally will be entitled, at the election of such US Holder, to receive either a deduction or a credit for such income tax paid. Generally, a credit will reduce a US Holder's US federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a US Holder's income subject to US federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a US Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a US Holder's US federal income tax liability that such US Holder's "foreign source" taxable income bears to such US Holder's worldwide taxable income. In applying this limitation, a US Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "US source." In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by the Company generally will constitute "foreign source" income and generally will be categorized as "passive category income." The foreign tax credit rules are complex, and each US Holder should consult its own financial advisor, legal counsel, or accountant regarding the foreign tax credit rules.

Sale or Other Taxable Disposition of Ordinary Shares

If the Company is not a PFIC and does not become one, upon the sale or other taxable disposition of Ordinary Shares, a US Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such US Holder's tax basis in such Ordinary Shares sold or otherwise disposed of. Subject to the PFIC rules discussed above, gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Ordinary Shares have been held for more than one year.

Gain or loss recognized by a US Holder on the sale or other taxable disposition of Ordinary Shares generally will be treated as "US source" for purposes of applying the US foreign tax credit rules.

Preferential rates apply to long-term capital gains of a US Holder that is an individual, estate, or trust. Deductions for capital losses are subject to significant limitations under the Code.

The amount realized by a US Holder receiving foreign currency in connection with a disposition of Ordinary Shares generally will be equal to the US dollar value of the proceeds received based on the exchange rate applicable on the date of receipt. A US Holder that does not convert foreign currency received into US dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the US dollar value of such foreign currency on the date of receipt. Such a US Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for US dollars).

Backup Withholding and Information Reporting

Payments made within the US, or by a US payor or US middleman, of dividends on, or proceeds arising from the sale or other taxable disposition of, Ordinary Shares generally will be subject to information reporting and backup withholding tax, at the rate of 28 per cent., if a US Holder (a) fails to furnish such US Holder's correct US taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect US taxpayer identification number, (c) is notified by the IRS that such US Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such US Holder has furnished its correct US taxpayer identification number and that the IRS has not notified such US Holder that it is subject to backup withholding tax. However, US Holders that are

corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the US backup withholding tax rules will be allowed as a credit against a US Holder's US federal income tax liability, if any, or will be refunded, if such US Holder furnishes required information to the IRS. Each US Holder should consult its own financial advisor, legal counsel, or accountant regarding the information reporting and backup withholding tax rules.

(iii) Canada

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Canadian Tax Act**") generally applicable as of the date hereof to the purchase, holding and disposition of Ordinary Shares acquired pursuant to the Placing in accordance with this Admission Document. This summary is applicable only to a purchaser who, at all relevant times, (i) is resident in Canada, (ii) deals at arm's length with the Company, (iii) is not affiliated with the Company, and (iv) holds Ordinary Shares as capital property (a "**Canadian Holder**") all within the meaning of the Canadian Tax Act. Ordinary Shares will generally be considered to be capital property to a purchaser unless the purchaser holds such shares in the course of carrying on a business or has acquired the shares in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a Canadian Holder (i) that is a "financial institution" (as defined in the Canadian Tax Act for purposes of the mark-to-market rules), (ii) a "specified financial institution" within the meaning of the Canadian Tax Act, (iii) an interest in which is a "tax shelter investment" (as defined in the Canadian Tax Act), (iv) in respect of whom the Company is or will be a "foreign affiliate" within the meaning of the Canadian Tax Act, or (v) to which the "functional currency" reporting rules in section 261 of the Canadian Tax Act apply. Such holders should consult their own tax advisors.

This summary is based on the facts set out in this Admission Document, the current provisions of the Canadian Tax Act and the regulations (the "**Regulations**") thereunder, specific proposals to amend the Canadian Tax Act and the Regulations (the "**Proposed Amendments**") which have been announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and our understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or non-Canadian tax legislation or considerations which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that the Proposed Amendments will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Ordinary Shares. The tax consequences of acquiring, holding and disposing of Ordinary Shares will vary according to the status of the purchaser, the province or provinces in which the purchaser resides or carries on business and, generally, the purchaser's own particular circumstances, including any tax requirements imposed on a purchaser by a jurisdiction outside of Canada. Accordingly, the following summary is of a general nature only and is not intended to constitute legal or income tax advice to any particular purchaser. Prospective purchasers should consult their own tax advisors with respect to the income tax consequences of investing in Ordinary Shares, based on the purchaser's particular circumstances.

Generally, for purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of Ordinary Shares, including dividends, adjusted cost base and proceeds of disposition, must be expressed in Canadian dollars. Amounts denominated in any foreign currency generally must be converted into Canadian dollars based on the relevant exchange rate as determined in accordance with the rules in the Canadian Tax Act.

Dividends on Ordinary Shares

Dividends received or deemed to be received on Ordinary Shares by a Canadian Holder who is an individual (including certain trusts) will be required to be included in computing the individual's income for purposes of the Canadian Tax Act and will not qualify for the gross-up and dividend tax credit rules which

are applicable only to dividends received from taxable Canadian corporations. A Canadian Holder that is a corporation will be required to include the amount of dividends received or deemed to be received on Ordinary Shares in computing its income for purposes of the Canadian Tax Act and will not be entitled to deduct the amount of such dividends in computing its taxable income. The full amount of dividends, including any amounts deducted in respect of such dividends for withholding tax by the government of a country other than Canada, must be included in income. To the extent that withholding tax is deducted in respect of dividends paid on Ordinary Shares by the government of a country other than Canada, the amount of such tax may be eligible for foreign tax credit or deduction treatment subject to the detailed rules and limitations under the Canadian Tax Act. Canadian Holders are advised to consult their own tax advisors with respect to the availability of a foreign tax credit or deduction to them, having regard to their particular circumstances.

Disposition of Ordinary Shares

A Canadian Holder who disposes of, or is deemed to have disposed of, Ordinary Shares will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Ordinary Shares exceed (or are less than) the aggregate of the adjusted cost base of such Ordinary Shares and any reasonable expenses associated with the disposition. The adjusted cost base to a Canadian Holder of Ordinary Shares acquired pursuant to the Placing will be determined by averaging the cost of such Ordinary Shares with the adjusted cost base of all other Ordinary Shares owned by the Canadian Holder as capital property at that time.

A Canadian Holder will be required to include in its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Canadian Tax Act, a Canadian Holder will be required to deduct one-half of any capital loss (an "**allowable capital loss**") realised in the year against taxable capital gains of the Canadian Holder in the year in which such allowable capital losses are realized. Any remaining allowable capital losses may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Canadian Tax Act.

Capital gains realized by an individual and certain trusts may result in the individual or trust paying alternative minimum tax under the Canadian Tax Act.

Additional Refundable Tax

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Canadian Tax Act) may be liable to pay an additional refundable tax of 6⅔ per cent. on its "aggregate investment income" which is defined in the Canadian Tax Act to include amounts in respect of taxable capital gains and certain dividends.

Foreign Investment Entity Rules

On 29 October 2007, Bill C-10 was introduced to amend the Canadian Tax Act and includes proposals relating to interests held in foreign investment entities. Such proposals could apply to a Canadian Holder (other than an "exempt taxpayer" as described in the proposals) who acquires Ordinary Shares pursuant to the Placing. If applicable, the proposals would require a Canadian Holder to include an amount in computing its income for purposes of the Canadian Tax Act in respect of the Ordinary Shares. If enacted, the foreign investment entity proposals would generally be applicable for taxation years of taxpayers commencing after 2006.

Canadian Holders should consult their own tax advisors with respect to the applicability of the foreign investment entity proposals having regard to their particular circumstances.

Foreign Property Information Reporting

A Canadian Holder that is a "specified Canadian entity" for a taxation year or fiscal period and whose total cost amount of "specified foreign property" (as such terms are defined in the Canadian Tax Act) at any time in the year exceeds C$100,000 will be required to file an information return with Canadian revenue authorities for the year to disclose certain prescribed information including the cost amount, any dividends received in the year and any gains or losses realized in the year. Subject to certain exceptions, a taxpayer

resident in Canada will generally be a specified Canadian entity. Canadian Holders should consult their own tax advisors as to whether they must comply with these reporting requirements.

(iv) BVI

The Company

As a company incorporated under the Act, the Company is exempt from taxes on profit, income or dividends. The Company is required to pay an annual government fee which is determined by reference to the amount shares the Company is authorised to issue.

Non-BVI Resident Investors

Shareholders are exempt from all BVI income taxes on dividends and other payments received from the Company provided that they are not resident in the BVI. There are no applicable capital gains taxes, capital transfer taxes, estate duties or inheritance duties in the BVI.

14. Securities Laws

14.1 *United States*

The Placing Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold only (1) in the United States to "qualified institutional buyers" ("QIBs") as defined in Rule 144A ("Rule 144A") under the US Securities Act and "accredited investors" as defined in Rule 501 under the US Securities Act in transactions exempt from the registration requirements of the US Securities Act and in accordance with applicable US state securities laws, and (2) outside the United States in compliance with Regulation S ("Regulation S") under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

14.2 *Sales Restrictions*

Purchasers of Placing Shares in the United States

Due to the following legal restrictions, persons purchasing Placing Shares in the United States are advised to consult legal counsel prior to making any offer for sale, sale or other transfer of the Placing Shares.

Each purchaser of Placing Shares in the United States will be deemed to have represented, warranted and agreed as follows (and will be required to execute a letter containing representations, warranties and agreements in substantially the form set forth below):

1. (a) You are a "qualified institutional buyer" ("QIB") as defined in Rule 144A ("Rule 144A") under the Securities Act and, if you are acquiring the Placing Shares as a fiduciary or agent for one or more accounts each such account is a QIB, or if you are not a QIB (b) you are, and each beneficial purchaser for whom you are acquiring Placing Shares is, an "accredited investor" (as such term is defined in Rule 501 of Regulation D under the Securities Act).

2. You are acquiring Placing Shares for investment for your own account or for one or more accounts for which you are acting as a fiduciary or agent; you are authorized to make all the representations, warranties and agreements herein on behalf of each such account and you do so make them; and neither you nor any such account is acquiring Placing Shares with a view to any resale, distribution or other disposition of any such Placing Shares in violation of United States federal or applicable state securities laws.

3. You understand, and each beneficial purchaser for whom you are acquiring Placing Shares understands, that an investment in Placing Shares involves risks; you have, and each beneficial purchaser for whom you are acquiring Placing Shares has, such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the

contemplated investment in Placing Shares; and you are, and each beneficial purchaser for whom you are acquiring Placing Shares is, able to bear the economic risks of, and withstand a complete loss of, such investment.

4. You and each beneficial purchaser for whom you are acquiring Placing Shares understand and agree that: (a) the offer and sale of the Placing Shares are being made in the United States only to QIBs or to accredited investors in transactions exempt from the registration requirements of Section 5 of the Securities Act, (b) the Placing Shares have not been and will not be registered under the Securities Act, (c) the Placing Shares will be "restricted securities" within the meaning of Rule 144 under the Securities Act, and (d) the Placing Shares may not be re-offered, re-sold, pledged or otherwise transferred except in accordance with the transfer restrictions set forth in this letter and in compliance with the securities laws of the United States and any applicable state securities laws.

5. You and each beneficial purchaser for whom you are acquiring Placing Shares became aware of the offering of the Placing Shares, and the Placing Shares were offered to you and them, only (a) by direct contact between you and the Company or (b) by direct contact between you and the Broker or one its affiliates. Neither you nor any beneficial purchaser for whom you are acquiring Placing Shares became aware of nor were the Placing Shares offered to you or any of them by any other means, including by any form of "general solicitation" or "general advertising" (each within the meaning of Regulation D under the Securities Act). In making the decision to acquire the Placing Shares, you and they have had access to such information as you and they deem necessary and appropriate in connection with your investment.

6. You and each beneficial purchaser for whom you are acquiring Placing Shares agree that, for so long as the Placing Shares are "restricted securities" as defined in Rule 144 under the Securities Act, neither you nor they will re-offer, re-sell, pledge or otherwise transfer any Placing Shares, except: (a) pursuant to an effective registration statement under the Securities Act; (b) pursuant to a transaction meeting the requirements of Regulation S under the Securities Act; (c) to a QIB in reliance on Rule 144A under the Securities Act; or (d) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder or another exemption therefrom (if available), provided that, in the case of a transfer pursuant to this clause (d), the transferor must deliver an opinion of counsel in form and substance reasonably satisfactory to the Company as to the availability of such exemption. Each of the foregoing restrictions is subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your control, and subject to compliance with any applicable state securities laws. You and each beneficial purchaser for whom you are acquiring Placing Shares understand that if and to the extent certificates representing Placing Shares are acquired by you or them, such certificated will bear a legend to the following effect:

   THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. UNTIL SUCH DATE AS THE SHARES REPRESENTED BY THIS CERTIFICATE ARE NO LONGER "RESTRICTED SECURITIES" AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT, THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE RE-OFFERED, RE-SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (2) PURSUANT TO A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES), AS APPLICABLE, OF REGULATION S UNDER THE SECURITIES ACT, (3) TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN, AND IN RELIANCE ON, RULE 144A UNDER THE SECURITIES ACT, OR (4) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR ANOTHER EXEMPTION THEREFROM (IF AVAILABLE), AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES.

Resales of Placing Shares Held by Persons in the United States

The restrictions described above will generally not prohibit resales on AIM of the Placing Shares offered hereby following the Placing provided it is done in a valid transaction under Regulation S. However, due to the restrictions described above, subscribers for and subsequent purchasers of the Placing Shares from persons in the United States and their brokers may be required to execute representation letters prior to resales of such shares and provide legal opinions. Among other things, prior to any resale of Placing Shares, and in addition to certain other representations, a holder of Placing Shares in the United States and such person's broker may each be required to represent that neither such reseller, nor any person acting on such reseller's behalf, knows that the resale transaction has been pre-arranged with a buyer in the United States. The Company reserved the right to modify this process as may be deemed required or appropriate and may require such other documentation evidencing a valid exemption from registration to comply with applicable US securities law requirements and the AIM Rules.

Purchasers of Placing Shares Outside the United States

Each purchaser of the Placing Shares offered outside the United States in reliance on Regulation S will be deemed to have represented and agreed as follows:

(i) the purchaser is, at the time of the offer to it of Placing Shares and at the time the buy order originated, outside the United States for the purposes of Regulation S;

(ii) the purchaser is aware that the Placing Shares have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S;

(iii) the purchaser agrees acknowledges and agrees that the Placing Shares may not be resold in the United States absent an exemption from the registration requirements of the US Securities Act; and

(iii) any offers, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

In addition, until 40 days after commencement of the Placing, an offer or sale of Ordinary Shares within the United States by a dealer (whether or not participating in the Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the US Securities Act.

ERISA Considerations

General

ERISA, and Section 4975 of the Code, impose certain restrictions on (a) employee benefit plans (as defined in Section 3(3) of ERISA), (b) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and annuities or Keogh plans, (c) any entities whose underlying assets include plan assets by reason of an investment by a plan described in (a) or (b) in such entities (each of (a), (b) and (c), a "US Benefit Plan") and (d) persons who have certain specified relationship to Plans ("Parties in Interest" under ERISA and "Disqualified Persons" under the Code). ERISA also imposes certain duties on persons who are fiduciaries of US Benefit Plans subject to ERISA, and ERISA and Section 4975 of the Code prohibit certain transactions between a US Benefit Plan and Parties in Interest or Disqualified Persons with respect to such US Benefit Plan. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

The US Department of Labor has promulgated regulation 29 C.F.R. §2510.3-101, which has been amended by Section 3(42) of ERISA (the "US Plan Asset Regulations"), describing what constitutes the assets of a US Benefit Plan with respect to the US Benefit Plan's investment in an entity for purposes of the fiduciary responsibility provisions of Part 4 of Title I of ERISA and Section 4975 of the Code. Under the US Plan Asset Regulations, if a US Benefit Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the US Investment Company Act of 1940, the US Benefit Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity

participating by US Benefit Plans is not "significant". The Ordinary Shares will constitute "equity interests" in the Company for purposes of the US Plan Asset Regulations; the Company will not be registered under the US Investment Company Act of 1940; the Ordinary Shares are not "publicly offered securities" for the purposes of the US Plan Asset Regulations; and it is not clear that the Company currently qualifies as an "operating company" for purposes of the US Plan Asset Regulations. Therefore, if equity participation in the Ordinary Shares by US Benefit Plans is "significant" within the meaning of the US Plan Asset Regulations, the assets of the Company could be deemed to constitute the assets of an investing US Benefit Plan.

Under the US Plan Asset Regulations, equity participation in an entity by US Benefit Plans is "significant" on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent or more of the value of any class of equity interest in the entity is held by US Benefit Plans (the "25 per cent threshold"). For purposes of making determinations under the 25 per cent threshold with respect to any investor's acquisitions of Ordinary Shares, (i) the value of any Ordinary Shares held by a person (other than a US Benefit Plan) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person, is disregarded and (ii) in the case of an equity investment in the Company by an insurance company general account or by an entity described in clause (iii) of the preceding sentence, only the proportion of such general account's or entity's investment in the Company that represents plan assets is taken into account.

If the assets of the Company were deemed to constitute the assets of an investing US Benefit Plan, (i) transactions involving the assets of the Company could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, (ii) the assets of the Company could be subject to ERISA's reporting and disclosure requirements, (iii) the fiduciary causing the US Benefit Plan to make an investment in the Ordinary Shares could be deemed to have delegated its responsibility to manage the assets of the US Benefit Plan, (iv) it is not clear whether Section 404(b) of ERISA, which generally provides that no fiduciary may maintain the indicia of ownership of any assets of a US Benefit Plan outside the jurisdiction of the district courts of the United States, would be satisfied or any of the exceptions to this requirement set out in 29 C.F.R Section 2550.404b-1 would be available, and (v) the fiduciary making an investment in the Company on behalf of a US Benefit Plan could be deemed to have improperly delegated its asset management responsibility.

Restrictions on Purchase of Ordinary Shares by US Benefit Plans

The Company's Articles of Association provide that in the event that a purported transfer of Ordinary Shares to a US Benefit Plan would cause the assets of the Company to be deemed assets of a US Benefit Plan, the Board may decline to register such transfer and may direct the transferee to sell all or some of its Ordinary Shares within 30 days or such Ordinary Shares will be subject to forfeiture and cancellation.

Each person purchasing Placing Shares in the United States will be required to represent whether or not it is a US Benefit Plan or an investor that is using assets that are subject to Similar Laws (as defined below) and the Placing will not be made to any such persons in excess of the 25 per cent threshold. The term "Similar Laws" means federal, state, local or other laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the Code, and which contain rules pursuant to which the underlying assets of an entity could include plan assets by reason of a plan's investment in such entity.

Special Considerations Applicable to Insurance Company General Accounts

Any purchaser that is an insurance company using the assets of an insurance company general account should note that pursuant to regulations issued pursuant to Section 401(c) of ERISA, assets of an insurance company general account will not be treated as "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code to the extent such assets relate to contracts issued on or before 31 December 1998 to employee benefit plans subject to ERISA and Section 4975 of the Code if the insurer satisfies various conditions. The plan asset status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets are treated as the plan assets of any such plan invested in a separate account.

14.3 ***Canada***

The distribution of Placing Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepare and file a prospectus with the securities regulatory authorities in the Canada. Accordingly, any resale of the Placing Shares must be made in accordance with applicable securities laws that may require re-sales to be made in accordance with applicable exemptions from registration and prospectus requirements. Purchasers resident in Canada are advised to seek legal advice prior to any resale of the Placing Shares.

The Company is not a "reporting issuer" as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada. Under no circumstances will the Company be required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Placing Shares to the public in any province or territory of Canada. Canadian investors are advised that the Company currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Placing Shares to the public in any province or territory of Canada in connection with this Private Placement. Therefore, there will be no public market in Canada for the Placing Shares and the resale or transfer of the Placing Shares will be subject to restrictions in Canada whereby the Placing Shares cannot be sold in Canada or for the benefit of a resident of Canada for a period of four months and one day from the date of Admission.

Purchasers are advised to consult with their own legal advisors with respect to the restrictions which will be applicable to them on any resale of the Placing Shares.

15. General

15.1 Since the date of incorporation of the Company it has not yet commenced operations and has no material assets or liabilities and no financial statements have been made up. Accordingly there is no historical financial information relating to the Company contained in this document.

15.2 The financial information for the relevant accounting periods set out in Historical Financial Information on ProCana in Section B of Part IV of this document concerning ProCana does not constitute statutory accounts of ProCana.

15.3 No person (other than the Company's professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the date of this document, or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more, securities in the Company with a value of £10,000 or more at a value of 25p per share, being the highest price at which Ordinary Shares have previously been issued or any other benefit with a value of £10,000 or more at the date of this document. Save as disclosed 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.

15.4 Except as stated in this document, there have been no significant recent trends concerning the business of the Company since its incorporation.

15.5 Save as disclosed, no exceptional factors have influenced the Company's activities.

15.6 Save as disclosed, the Company is not dependent on patents, licences or industrial, commercial or financial contracts or new manufacturing processes.

15.7 The total costs and expenses relating to the Placing and Admission, payable by the Company, are estimated to amount to approximately £815,000. The estimated net proceeds of the Placing will be £7.7 million.

15.8 The Company's accounting reference date is 31 March and the Company's first audited accounts will be made up to 31 March 2009.

15.9 Save as disclosed, the Company has no significant investments in progress.

15.10 No financial information contained in this document is intended by the Company to represent or constitute a forecast of profits by the Company nor to constitute publication of accounts by it.

15.11 Save as disclosed, there has been no significant change in the financial or trading position of the Company or its subsidiaries since 31 March 2008.

15.12 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion in this document of its report and references thereto in the form and context in which they are included.

15.13 Seymour Pierce Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

15.14 Haywood Securities (UK) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

15.15 Seymour Pierce Limited has been appointed nominated adviser to the Company. Under the AIM Rules the nominated adviser owes certain responsibilities to London Stock Exchange. In giving its confirmation to the London Stock Exchange, Seymour Pierce accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and its Directors are solely responsible. Seymour Pierce does not regard itself as being, and is not, a "responsible person" in relation to this document.

15.16 Where information contained in this document has been sourced from a third party, the directors confirm that this information has been accurately reproduced, and as far as the Company is aware and is able to ascertain, from information published by the third party (or parties), no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. Documents on Display

Copies of this document will be available for inspection during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) at the offices of Salans, Millennium Bridge House, 2 Lambeth Hill, London EC4V 4AJ form the date of this document to the date falling one month following Admission.

Dated: 27 August 2008

DEFINITIONS

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

"Act"	BVI Business Companies Act 2004
"Admission"	admission becoming effective of the entire issued share capital of the Company to trading on AIM
"AIM"	the AIM Market of the London Stock Exchange
"AIM Rules for Companies"	the rules issued by the London Stock Exchange (from time to time) governing companies whose Shares are admitted to trading on AIM
"Articles"	the Company's restated Memorandum and Articles of Association as adopted on 21 July 2008
"Board" or "Directors"	the board of directors of the Company whose names appear on page 5
"BVI"	the British Virgin Islands
"CAMEC"	Central African Mining & Exploration Company plc, a company incorporated in England and Wales
"CFM"	Mozambique Port and Railway Company
"Code"	US Internal Revenue Code of 1986, as amended
"Combined Code"	the combined code in corporate governance
"Company"	BioEnergy Africa Limited
"Companies Act"	the Companies Act 2006
"Depositary"	Capita Registrars (Jersey) Limited
"Depositary Interests"	the interests representing Ordinary Shares issued through the Depositary
"EDM"	Electricidada de Mocambique
"Enlarged Share Capital"	the 332,431,200 Ordinary Shares in issue immediately following Admission comprising the Existing Shares and the Placing Shares
"ERISA"	US Employee Retirement Income Security Act of 1974, as amended
"Existing Shares"	the 263,605,600 Ordinary Shares in issue as at the date of this document
"FPO"	Financial Services and Markets Act 2000 (Financial Promotions) Order 2005
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and its subsidiary companies
"ICSID"	International Centre for Settlement of Investment Disputes

"London Stock Exchange"	London Stock Exchange plc
"Master Plan"	bulk water supply master development plan for the Massinger Suger energy project prepared by MBB dated August 2007
"MBB"	MBB Consulting Engineers
"MFEP"	Massingir Fuel Energy Project
"MZM"	Mozambique meticais
"Ordinary Share(s)"	share(s) of no par value in the Company
"Placing"	the placing of up to 68,825,600 Placing Shares at the Placing Price set out in this document
"Placing Agreement"	the conditional agreement dated 26 August 2008 between the Company, Haywood Securities (UK) Limited, Seymour Pierce Limited and the Directors relating to the Placing, further details of which are set out in paragraph 8.3 of Part V of this document
"Placing Price"	12.5p per Placing Share
"Placing Shares"	68,825,600 Ordinary Shares subject to the Placing
"ProCana"	ProCana Limitada, a company incorporated in Mozambique and being a 94 per cent. owned subsidiary of the Company
"QIBs"	"qualified institutional buyers" as defined in Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"resident of Canada"	means a citizen, national or resident of Canada, the estate of any such person, a partnership, corporation or entity created or organised in or under the laws of Canada, of any estate or trust the income of which is liable to Canadian income tax regardless of the source
"Rule 144A"	Rule 144A under the US Securities Act
"Shareholders"	holders of Ordinary Shares
"Share Option Scheme"	the executive share option scheme of the Company adopted on 31 July 2008
"State"	state of the Republic of Mozambique
"United States"	means the United States of America, each state thereof (including the District of Columbia), its territories possessions and all areas subject to its given jurisdictions
"US Benefit Plan"	the term "US Benefit Plan" includes any (a) employee benefit plan (as defined in Section 3(3) of ERISA), (b) plan (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code, including an individual retirement account and annuity or Keogh plan, and (c) entity whose underlying assets include plan assets by reason of an investment by a plan described in (a) or (b) in such entity
"US Plan Asset Regulations"	Regulation 29 C.F.R. §2510.3-101 promulgated by the U.S. Department of Labor, as amended by Section 3(42) of ERISA

"US Securities Act"	US Securities Act of 1933, as amended
"US Securities Exchange Act"	US Securities Exchange Act of 1934, as amended

Unless otherwise indicated, all monetary values given in this document are in British pounds.

GLOSSARY OF TECHNICAL TERMS

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

Anhydrous fuel ethanol	is at least 99.6 per cent. ethanol and is used for mixing with petrol to make blends such as E10 and E25
BTU	British Thermal Unit, a measure of heat. One barrel of oil converts to between 5,400 and 6,300 BTU, depending upon type of oil and where used
Canegro Model	a growth simulation model developed primarily by the South African Sugar Association and now internationally recognised to project biomass yields of dry matter basis
DUAT	an use and development of land licence issued by the National Directorate of land and forests of Mozambique
EIA	Energy Information Administration, the statistical and analytical arm of the US Department of Energy
ETBE	ethyl tertiary-butyl ether, a fuel oxygenator produced from ethanol which replaced MTBE
FFV	Flexible Fuel Vehicles
FOB	Free on Board
FOR	Free on Rail
ha	Hectares
Hydrated fuel ethanol	contains water, but is generally 95 per cent. ethanol and can be used for E85 in FFVs.
IEA	International Energy Agency, a body established by the OECD
IPCC	Intergovernmental Panel on Climate Change, a body formed by the United Nations Environment Programme and the World Meteorological Organization
m	millions
MAR	mean average run-off
Mbd	million barrels per day
$MJ/m^2/an$	mega joules per $metre^2$ per year
MTBE	methyl tertiary-butyl ether, a fuel oxygenator produced from which is produced via the reaction of methanol and isobutylene, now banned
OECD	Organisation for Economic Co-operation & Development
pa	per annum
RDFE	Renewable Denatured Fuel Ethanol, a mixture of 95 per cent. ethanol and 5 per cent. petrol blended in the US to render the

	ethanol undrinkable and allow the transport of fuel ethanol without attracting alcohol duty
t/ha	tonne per hectare
t/ha/an	tonne per hectare per annum
US Gallon	standard measure of fuel at US pumps, equivalent to 3.785 litres
Vinasse	is a final byproduct of the sugar industry. Sugarcane or Sugar beet is processed to produce crystalline sugar, pulp and molasses. The latter are further processed by fermentation to alcohol or Ascorbic acid and other products – after removal of the desired product (alcohol, ascorbic acid) the remaining material is called vinasse. Vinasse is sold after partial dehydration, usually it has a viscosity like molasses.