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If you have sold or transferred all of your Ordinary Shares in GEM BIOFUELS PLC, you should forward this document, together with the accompanying Form of Proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 3 of this document) and the Company (whose registered office appears on page 3 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief 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

The Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Subscription Shares will commence on 11 January 2013.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.**

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

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FSA or any other competent authority.

## **GEM BIOFUELS PLC**

*(a company incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 with registered number 115011C)*

**Proposals to reorganise the share capital by the sub-division and re-designation of Ordinary Shares as Ordinary Shares and New Deferred Shares, Amend and reclassify the authorised share capital, Grant the Directors authority to allot shares, Dis-application of Pre-emption Rights, Subscription for up to 350,000,000 new Ordinary Shares at £0.001 per Subscription Share, Issue of Underwriting Warrants as part of the underwriting fees of an underwriting of the Subscription Shares, Confirmation that the existing authority for the issue of options to Directors permits the issue of warrants (in substitution for such options), Approval of proposed Investing Policy, Amendments to the Articles, Proposed change of name to Hunter Resources PLC and Notice of Annual General Meeting**

**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 10 to 17 of this document and which contains a unanimous recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.**

Allenby Capital Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser and broker to the Company in connection with the Proposals and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby Capital Limited or for advising any other person in respect of the Proposals or any transaction, matter or arrangement referred to in this document. Allenby Capital Limited's responsibilities as the Company's nominated adviser are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby Capital Limited by the FSMA or the regulatory regime established thereunder, Allenby Capital Limited does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Proposals. Allenby Capital Limited accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

**Notice of the Annual General Meeting, to be held at the offices of Appleby, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB at 2.30 p.m. on 28th December 2012 is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy by post or by hand or fax to Appleby, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB as soon as possible, but in any event so as to arrive no later than 2.30 p.m. on 26th December 2012, whether or not they propose to be present at the Annual General Meeting.**

A copy of this document is available at the Company's website [www.gembiofuels.com](http://www.gembiofuels.com). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

### Notice to overseas persons

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

The Subscription Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the "**US Securities Act**") and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Subscription Shares are being offered in reliance on Regulation S under the US Securities Act. The Subscription Shares will not qualify for distribution under the relevant securities laws of Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Subscription Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Subscription Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**") or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Subscription Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Subscription Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

### Basis on which information is presented

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

### Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

### References to defined terms

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London, UK time.

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## DIRECTORS AND ADVISERS

<b>Directors</b>	Simon Dennis Hunt ( <i>Executive Chairman</i> ) Malcolm Francis Williams ( <i>Non-executive Director</i> )  All of whose business address is at the Company's registered office
<b>Company Secretary</b>	Sean Dowling
<b>Registered Office</b>	33-37 Athol Street Douglas Isle of Man IM1 1LB
<b>Company website</b>	<a href="http://www.gembiofuels.com">www.gembiofuels.com</a>
<b>Nominated Adviser and Broker</b>	Allenby Capital Limited Claridge House 32 Davies Street Mayfair London W1K 4ND
<b>English legal advisers to the Company</b>	Osborne Clarke One London Wall London EC2Y 5EB
<b>Isle of Man legal advisers to the Company</b>	Dougherty Quinn The Chambers 5 Mount Pleasant Douglas Isle of Man, IM1 2PU
<b>Registrars</b>	Computershare Investor Services (Channel Islands) Ltd Ordnance House 31 Pier Road St Helier Jersey JE4 8PW
<b>Auditors</b>	Mazars LLP Tower Bridge House St Katherine's Way London E1W 1DD

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	4th December 2012
Latest time and date for receipt of Forms of Proxy	2.30 p.m. on 26th December 2012
Annual General Meeting of Shareholders	28th December 2012
Admission of the Subscription Shares to trading on AIM	8.00 a.m. on 11th January 2013
CREST stock accounts to be credited for the Subscription Shares in uncertificated form	11th January 2013

All times and dates are United Kingdom time

## KEY STATISTICS

Subscription Price per Subscription Share	£0.001
Number of Ordinary Shares in issue at the date of this document	93,164,834
Maximum number of Subscription Shares to be issued	350,000,000
Maximum number of Ordinary Shares in issue following Admission	443,164,834
Number of Deferred Shares in issue following the AGM	93,164,834
Maximum percentage of the share capital of the Company being issued pursuant to the Subscription	79 per cent.
Minimum total proceeds of the Subscription	£250,000
Maximum total proceeds of the Subscription	£350,000
Estimated expenses of the Subscription	£50,000
Estimated net proceeds of the Subscription receivable by the Company	£200,000 - £300,000
Ticker for Ordinary Shares	GBF

## DEFINITIONS

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

<b>"2006 Act"</b>	the Isle of Man Companies Act 2006
<b>"2006 Memorandum and Articles"</b>	the memorandum and articles of association proposed to be approved at the AGM and which are compliant with the 2006 Act
<b>"Acts"</b>	the Isle of Man Companies Acts 1931 and to 2004, as amended
<b>"Admission"</b>	admission of the Subscription Shares to trading on AIM becoming effective and announced as such in accordance with the AIM Rules
<b>"AIM"</b>	AIM, a market operated by the London Stock Exchange
<b>"AIM Rules"</b>	together, the rules published by the London Stock Exchange governing the admission to, and the operation of, AIM for companies (including the guidance notes thereto) and the rules published by the London Stock Exchange from time-to-time for Nominated Advisers
<b>"Articles"</b>	the articles of association of the Company for the time being
<b>"Company" or "GEM"</b>	GEM BIOFUELS PLC
<b>"CREST"</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited
<b>"CREST Regulations"</b>	the Isle of Man Uncertificated Securities Regulations 2005, as amended
<b>"Deferred Shares"</b>	the deferred shares of £0.009 each in the capital of the Company created pursuant to the Resolutions proposed to be passed at the AGM
<b>"Directors" or "Board"</b>	the directors of the Company as at the date of this document whose names are set out on page 3 of this document
<b>"Directors Warrants"</b>	warrants to subscribe for Ordinary Shares to be issued by the Company to Directors in such number as is equal to no more than 10 per cent. of the fully diluted Ordinary Shares from time to time on terms and conditions set out in the Directors Warrant Instrument
<b>"Directors Warrant Instrument"</b>	the proposed deed which constitutes the Warrants to be issued to the Directors, the principal terms of which are set out in Section 11 of Part I of this document

<b>“Existing Ordinary Share”</b>	each existing ordinary share of £0.01 each in the capital of the Company
<b>“Annual General Meeting” or “AGM”</b>	the Annual General Meeting of the Company to be held on 28th December 2012 at 2.30 p.m. and including any adjournment thereof
<b>“Form of Proxy”</b>	the form of proxy for use by the Shareholders in connection with the Annual General Meeting which accompanies this document
<b>"FSA"</b>	the Financial Services Authority of the United Kingdom
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Investing Company”</b>	has the meaning ascribed to the definition of “investing company” set out in the AIM Rules, that is, an AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description
<b>“Investing Policy”</b>	the investing policy proposed to be adopted by the Company at the Annual General Meeting, subject to Shareholder approval at the AGM, further details of which are set out Part 1 of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>"Marine Investments"</b>	Marine Investments (WA) Pty Ltd of 82 Marine Parade, Cottesloe, Western Australia 6011
<b>"New Articles"</b>	means the new articles of association of the Company proposed to be adopted at the AGM which are the current articles of association of the Company amended to include the wording to establish the Deferred Shares
<b>“Notice of AGM” or “Notice of Annual General Meeting”</b>	the notice of the Annual General Meeting to be held on 28th December 2012 at 2.30 p.m., or any adjournment thereof, which is set out at the end of this document
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company proposed to be sub-divided and re-designated into ordinary shares of £0.001 at the AGM
<b>“Proposals”</b>	together the proposals to reorganise the share capital by the sub-division and re-designation of Ordinary Shares as Ordinary Shares and New Deferred Shares, Amend and reclassify the authorised share capital, Grant the Directors authority to allot shares, Dis-application of Pre-emption Rights, Subscription for up to 350,000,000 new Ordinary Shares at £0.001 per

	Subscription Share, Issue of Underwriting Warrants as part of the underwriting fees of an underwriting of the Subscription Shares, Confirmation that the existing authority for the issue of options to Directors permits the issue of warrants (in substitution for such options), Approval of proposed Investing Policy, Amendments to the Articles, and Proposed change of name to Hunter Resources PLC
<b>"Prospectus Rules"</b>	the prospectus rules made by the FSA pursuant to section 73A of the FSMA
<b>"Resolutions"</b>	the ordinary and special resolutions to approve the Proposals, which are set out in the Notice of Annual General Meeting at the end of this document
<b>"Shareholder(s)"</b>	holder(s) of the Ordinary Shares
<b>"Subsidiary"</b>	as defined in section 1 of the Companies Act 1974.
<b>"Subscription"</b>	the conditional subscription for the Subscription Shares
<b>"Subscription Price"</b>	£0.001 per Subscription Share
<b>"Subscription Shares"</b>	up to 350,000,000 new Ordinary Shares proposed to be issued and allotted pursuant to the Subscription described in paragraph 8 of Part I of this document
<b>"Underwriting"</b>	the underwriting of the Subscription by Marine Investments pursuant to the Underwriting Agreement
<b>"Underwriting Agreement"</b>	the agreement dated 4 December 2012 between Marine Investments and the Company relating to the Subscription, the principal terms of which are summarised in paragraph 9 of Part I of this document
<b>"Underwriting Shares"</b>	the Subscription Shares (if any) subscribed for by Marine Investments pursuant to the Underwriting Agreement
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"uncertificated" or "in certificated form"</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
<b>"Underwriting Warrants"</b>	Warrants to subscribe for Ordinary Shares to be issued by the Company to the Underwriter (or its nominees) on terms and conditions set out in the Warrant Instrument
<b>"Underwriting Warrant"</b>	the proposed deed which constitutes the Underwriting Warrants,



**Instrument"**

the principal terms of which are set out in Section 9 of Part I of this document and as available on the website of the Company

## PART I

### LETTER FROM THE EXECUTIVE CHAIRMAN OF GEM BIOFUELS PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 with registered number 115011C)*

*Directors:*

Simon Hunt (*Executive Chairman*)  
Malcolm Williams (*Non Executive Director*)

*Registered Office:*

33-37 Athol Street Douglas  
Isle of Man  
IM1 1LB

*To Shareholders, and for information only to holders of options over Ordinary Shares*

4 December 2012

Dear Shareholder

**Proposals to reorganise the share capital by the sub-division and re-designation of Ordinary Shares as Ordinary Shares and New Deferred Shares, Amend and reclassify the authorised share capital, Grant the Directors authority to allot shares, Dis-application of Pre-emption Rights, Subscription for up to 350,000,000 new Ordinary Shares at £0.001 per Subscription Share, Issue of Underwriting Warrants as part of the underwriting fees of an underwriting of the Subscription Shares, Confirmation that the existing authority for the issue of options to Directors permits the issue of warrants (in substitution for such options), Approval of proposed Investing Policy, Amendments to the Articles, Proposed change of name to Hunter Resources PLC and Notice of Annual General Meeting**

#### ***General Business***

##### **1. 2012 ANNUAL GENERAL MEETING**

The Company's Annual General Meeting will be held at the offices of Appleby, 33-37 Athol Street, Douglas, Isle of Man IM1 1LB at **2.30 p.m.** on **28th December 2012**. The notice convening the meeting is set out at the end of this document. I would like to take this opportunity to explain to you the effect of those resolutions which relate to officers of the Company and which comprise Special Business to be transacted at the meeting.

## 2. THE BOARD

### *Ordinary Business – Resolution 4*

Simon Dennis Hunt retires as a director by rotation in accordance with the Company's Articles and will stand for re-election.

## 3. THE AUDITORS

### *Ordinary Business – Resolution 5*

It is proposed by the directors that Mazars LLP be re-appointed as the auditors of the Company until the date of the next annual general meeting of the Company and that the directors of the Company be authorised to fix the remuneration of the auditors as they see fit.

### ***Special Business***

## 1. INTRODUCTION

On 4th December 2012, having investigated a number of alternative options to deliver greater value to Shareholders, the Board announced a series of proposals which, if implemented, would result in the Company becoming an Investing Company and Shareholders' approval of its proposed investing policy will be sought at the AGM. Further details of the Investing Policy are set out in paragraph 3 below.

Following approval of the Investing Policy by Shareholders, the Company will be under an obligation to make an acquisition, or acquisitions, which constitute a reverse takeover under the AIM Rules or otherwise to implement its Investing Policy, in each case within twelve months of becoming an Investing Company, failing which the Company's Ordinary Shares will be suspended from trading on AIM. If the Company's Investing Policy has not been implemented within 18 months of it becoming an investing company then admission of the Company's Ordinary Shares to trading on AIM would be cancelled.

**The purpose of this document is to provide you with information about the background to and the reasons for the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the AGM, notice of which is set out at the end of this document.**

## 2. BACKGROUND TO THE PROPOSALS

The Company's Ordinary Shares were admitted to trading on AIM on 19 October 2007. GEM had been established to carry out a major plantation programme of Jatropha trees in Madagascar with a view to becoming a major supplier of feedstock to the growing biodiesel market. As announced on 12th April 2012, based on an internal and detailed review of the Company's operations in Madagascar, it has become clear that, due mainly to a lack of sufficient financial resources, its plantation activities there have resulted in significantly less success than was hoped. Further examination through external agronomic consultants confirmed that the success levels were too low to make a commercially viable business from the Company's existing plantations. Other recent third-party research on Jatropha suggests that it requires significantly more agronomic care and maintenance than originally thought as well has

higher rainfall and the addition of fertilizers. The same report suggests that successful commercial scale exploitation of *Jatropha* is not now expected before 2020 and will require significant improvement on current techniques and breeding stock.

A major part of this exercise also involved examining other plantation crop opportunities both utilising the Company's land bank and in other areas within the country. Whilst several such opportunities appeared to have great potential it was deemed too difficult to capitalise on them without major new funding for this purpose. Over and above this, the board examined several other plantation crop projects in other countries and spent a considerable amount of time investigating these. However, it has proved too difficult to bring any such project within the company's original plantation focus to fruition for a number of reasons.

The board has therefore concluded that better value for shareholders can be achieved through adopting a new investing policy around the natural resources and mining sector where sources of funding are more readily available.

The Company intends to cease all its current trading activities and wind down its operations in Madagascar. The Board does not believe this will result in any returns to its shareholders.

### **3. PROPOSED INVESTING POLICY**

On completion of the Proposals, the Company will cease its current trading business activity and, therefore, under Rule 15 of the AIM Rules it will be re-classified as an Investing Company and will be required to adopt an Investing Policy, which must be approved by Shareholders.

The Company's proposed Investing Policy is as follows:

#### ***Investing Policy***

The Directors intend initially to seek to acquire a direct and/or an indirect interest in projects and assets in the mining sector. However they will consider opportunities in the wider natural resources sector. The Company will focus on opportunities in Europe, Africa and the Middle East but will also consider possible opportunities anywhere in the world.

The Company may invest by way of purchasing quoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company will not have a separate investment manager.

The Company may be both an active and a passive investor depending on the nature of the individual investments. Although the Company intends to be a medium to long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held and therefore shorter term disposal of any investments cannot be ruled out.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. The Company will carry out an appropriate due diligence exercise on all potential

investments and, where appropriate, with professional advisers assisting as required. The Board's principal focus will be on achieving capital growth for Shareholders.

Investments may be in all types of assets and there will be no investment restrictions.

The Company will require additional funding as investments are made and new opportunities arise. The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash resources for working capital. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

#### **4. AMENDMENT OF AUTHORISED SHARE CAPITAL, AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE EMPTION RIGHTS**

Shareholders' approval is being sought for the amendment of the authorised share capital and to disapply the pre-emption rights in respect of such authorised capital to permit the issue of Ordinary Shares up to the value of an additional £525,000, to allow the Company to issue and allot new Ordinary Shares pursuant to the Subscription.

Shareholders' approval is further being sought for the authority of the Directors to allot new Ordinary Shares, and to grant rights to subscribe for new Ordinary Shares, for cash up to the nominal value of an additional £525,000, such authority to expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the Resolution, whichever is the earlier.

The above authorities permit the issue of the following securities:

- (a) the issue of up to 350,000,000 Ordinary Shares pursuant to the Subscription, or if the Subscription is not fully subscribed, as allotted at the discretion of the Directors from time to time; and
- (b) the issue of Ordinary Shares pursuant to the Underwriting Warrants held by Marine Investments to permit the issue on exercise of an amount of up to 70,000,000 Ordinary Shares;
- (c) the issue of the Directors Warrants over Ordinary Shares not exceeding 10 per cent of the total fully diluted Ordinary Shares of the Company from time to time; and
- (d) the issue of up to 52,500,000 Ordinary Shares allotted at the discretion of the Directors from time to time. This allowance is approximately 10 per cent of the issued share capital assuming the Subscription is fully subscribed and the all the Underwriting Warrants were exercised.

#### **5. REORGANISATION OF THE SHARE CAPITAL AND CREATION OF DEFERRED SHARES**

Shareholders' approval is being sought to reorganise the Company's share capital by subdividing and re-designating each Existing Ordinary Share into one Ordinary Share of £0.001 each and one Deferred Share of £0.009 each.

## **New Ordinary Shares**

Immediately following the sub-division and re-designation, each Shareholder will hold one Ordinary Share of £0.001 and one new Deferred Share of £0.009 each in place of every one Existing Ordinary Share each previously held in the capital of the Company. The rights of the Ordinary Shares will in all material respects be the same as the ordinary shares currently in issue.

## **Deferred Shares**

The Deferred Shares will not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £100,000 in respect of each ordinary share. Accordingly, the Deferred Shares will have no economic value. The Company does not intend to make any application for Deferred Shares to be admitted to trading on any stock exchange.

Please be aware, upon the approval of the reorganisation of the share capital and the creation of the new Deferred Shares, pursuant to the New Articles each holder of Deferred Shares will be deemed irrevocably to have authorised the Company at any time to appoint a person or persons to execute on behalf of such Deferred Shareholder an agreement in respect of the transfer of such Deferred Shares to such person including, without limitation, the Company as the Company may designate for an aggregate consideration of £0.000001 per Deferred Share.

For such a sale, the Company will also be given the authority to execute or sign on behalf of such Deferred Shareholder such other documents as may be necessary or appropriate to give effect to the sale.

The Company does not intend to issue new share certificates to Shareholders following the re-organisation of its share capital.

The reason for such re-organisation is to reduce the par value of Ordinary Shares in order to allow the Subscribers to subscribe for fully paid shares as the proposed subscription price is below the par value of 1 pence per Ordinary Share.

## **6. CHANGE OF NAME**

It is proposed that the Company changes its name to Hunter Resources PLC to reflect the Company's Investing Policy and the proposed change in the Company's business to one of investment in the natural resources sector.

## **7. AMENDMENT OF THE ARTICLES**

Shareholders' approval is being sought for the amendment of the existing articles of association to include the wording necessary to create the Deferred Shares. The New Articles amend the Articles to contain provisions in respect of the proposed re-organisation of share capital as set out above including the rights of the Deferred Shares and the Company's proposed new name.

## **8. THE SUBSCRIPTION**

The Board is pleased to advise that, subject to Shareholders' approval of the Proposals at the forthcoming AGM, the Company is looking to raise up to £350,000 (before expenses) through a subscription for up to 350,000,000 Subscription Shares at a subscription price of £0.001 per Ordinary Share. The Subscription Shares will represent approximately 79 per cent. of the enlarged share capital.

The Subscription is partially underwritten by Marine Investments and further details of the Underwriting are set out at paragraph 9 below.

The Subscription is conditional, *inter alia*, upon the Resolutions being passed at the Annual General Meeting.

Application will be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM and dealings are expected to commence at 8:00 a.m. on 11th January 2013. The Subscription Shares will, when issued, rank *pari passu* in all respects with the Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

The proceeds of the Subscription receivable by the Company are up to £350,000.

## **9. DETAILS OF THE UNDERWRITING AND UNDERWRITING WARRANTS**

The Company has entered into an Underwriting Agreement with Marine Investments, whereby Marine Investments have undertaken to subscribe for new Ordinary Shares at the Issue Price in respect of the amount by which the aggregate proceeds of the Subscription (before expenses) received by the Company are less than £250,000. The Subscription is therefore underwritten by Marine Investments to the extent required to result in the Company raising a minimum of £250,000 (before expenses) pursuant to the Subscription.

In consideration for underwriting the Subscription the Company will pay a fee of 5 per cent. of the total gross proceeds of the Subscription and will issue Warrants to Marine Investments on the basis of one Warrant for every five Ordinary Shares issued pursuant to the Subscription. Each Underwriting Warrant will confer the right (but not the obligation) to subscribe for one Ordinary Share during the period commencing on Admission and ending on the date which is the fifth anniversary of the date of Admission at a price of £0.005 per Ordinary Share. The Underwriting Warrants will not be admitted to listing or trading on any stock exchange and will be issued in certificated form. Underwriting Warrants will rank equally with each other and will not carry the right to receive any dividends from the Company or the right to attend and vote at general meetings of the Company.

It is anticipated that any subscription to be made pursuant to the Underwriting Agreement will be made on or about 2nd January 2013 and that admission to trading on AIM of the Underwriting Shares would take place on or about the date of Admission.

The Company has entered into an agreement with Marine Investments whereby, following the Subscription, Marine Investments will be mandated to source a resource project for the Company. The project will be acquired by the Company subject to agreement on terms and the project being deemed to be in the interests of shareholders to acquire. It is likely that the acquisition will constitute a reverse takeover under the AIM Rules for Companies.

If such a transaction arises, the Company will pay a fee to Marine Investments equal to £50,000 in cash and the issue for no additional consideration of 20,000,000 Ordinary Shares.

#### **10. PROPOSED BOARD CHANGES**

Following the completion of the Subscription, it is proposed that Mr David Paull and Mr John Molyneux will join the Board in the roles of Non-Executive Directors respectively and Malcolm F Williams will step down from the Board. I will continue as Chairman of the Company. Short biographies of Messrs Paull and Molyneux are set out below.

##### **David Paull**

Mr Paull has over 20 years' experience in resource business development and industrial minerals marketing. For the past three years Mr Paull has been Managing Director of Aspire Mining Limited, and ASX listed company, after being involved in the recapitalisation of the company and redirection to target Mongolian coking coal assets. Prior to Aspire Mr Paull had been working on private equity and seed capital opportunities in the resources sector.

Mr Paull holds a Bachelor of Commerce from the University of Western Australia, is a fellow of the Financial Services Institute of Australia and has an MBA with distinction from Cornell University New York.

Apart from his role as Managing Director of Aspire, Mr Paull is also a Non-Executive Director of Pacific Wildcat Resources Corp, an industrial minerals explorer and developer listed on the TSX Ventures Exchange.

##### **John Molyneux**

Mr Molyneux is a director of WH Ireland. He started his career in the City of London in 1967 by joining the London Stock Exchange. Various career moves over the next thirty years involved both merchant banking and stock broking (Montague Loeb Stanley, English Trust, Grieg Middleton, Seymour Pierce Middleton, Henry Cooke Lumsden culminating in joining AIM quoted W H Ireland in 1998.

Mr Molyneux is a Chartered Fellow of the Securities Institute.

#### **11. DIRECTORS WARRANTS**

The Company has an existing authority to issue options to the directors of the Company over up to 10 per cent. of the share capital from time to time. The Company proposes to replace this existing arrangement with warrants over the same percentage of the enlarged, fully diluted ordinary share capital of the Company.

The Company proposes to constitute the Directors Warrants Instrument in order to grant the Directors Warrants from time to time in such number as is no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant. The exercise period of the Directors Warrants will be five years from the time of issue. The Directors Warrants will be allocated by a resolution of the



independent Directors (i.e. those not receiving the relevant Directors Warrant at the relevant time) from time to time.

## **12. RISK FACTORS**

**Your attention is drawn to Part II of this document which sets out and describes certain risk factors that you should consider carefully when deciding whether or not to vote in favour of the Resolutions to be proposed at the AGM. However, the Board asks Shareholders to note that should the Resolutions not be passed at the AGM and the Proposals not implemented, the Company would have insufficient working capital available to it to continue to trade and would need to be refinanced immediately to enable it to continue trading. There can be no assurance that such refinancing would be forthcoming and in these circumstances the Board will be forced to take steps to protect the interests of creditors**

## **13. ANNUAL GENERAL MEETING**

Set out at the end of this document is a notice convening the AGM to be held on 28th December 2012 at the offices of Appleby, 33-37 Athol Street, Douglas, Isle of Man IM1 1LB on 2.30 p.m., at which the Ordinary Business Resolutions and Special Business Resolutions will be proposed for the purposes of implementing the Proposals. An ordinary resolution requires a simple majority of the votes cast to be cast in favour for it to be passed and a special resolution requires a majority of 75 per cent. of the votes cast to be cast in favour for it to be passed:

Special Business Resolutions:

Resolution 1, which will be proposed as an ordinary resolution and which is subject to the passing of Special Business Resolutions 2, 3, 5 and 8, is to re-organise the Company's share capital by sub-dividing and re-designating each issued Ordinary share of £0.01 each into one Ordinary Share of £0.001 each, having the same rights and being subject to the same restriction as the Existing Ordinary Shares, and one deferred share of £0.009 each, having the rights and being subject to the restrictions attached to them as set out in the New Articles proposed to be adopted by the Company below.

Resolution 2 which will be proposed as an ordinary resolution and which is subject to the passing of Special Business Resolutions 1, 3, 5 and 8, is to amend the Company's share capital from £2,000,000 divided into 2,000,000,000 Ordinary Shares of £0.001 each to £2,500,000 divided into 700,000,000 Ordinary Shares of £0.001 each and 200,000,000 Deferred Shares of £0.009 each.

Resolution 3, which will be proposed as an ordinary resolution and which is subject to the passing of Special Business Resolutions 1, 2, 5 and 8, is to authorise the Directors to allot up to 350,000,000 new Ordinary Shares in connection with the Subscription and otherwise up to 175,000,000 relevant securities up to £175,000 in nominal value provided that such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

Resolution 4, which will be proposed as an ordinary resolution, is to confirm the existing authority of the directors to issue warrants or options to acquire Ordinary Shares to directors of the Company in such number no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right

to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant/option, with an exercise period of no more than 5 years from the date of issue and on such other terms approved by the independent directors be and is approved for all purposes including the AIM Rules and authority to issue such shares free of pre-emptive rights and the directors be and are authorised to do all acts and things as may be necessary to effect the issue of such warrants/options. This resolution replaces and supersedes the current existing authority/resolution for the issue of options to the directors of the Company up to 10 per cent. of the issued share capital from time to time.

Resolution 5, which will be proposed as a special resolution and is subject to the passing of Resolutions 1, 2, 3 and 8, disapplies Shareholders' statutory pre-emption rights and the pre-emption provisions contained in article 3.8 of the New Articles in relation to the issue of the Subscription Shares and grants further authority to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £525,000 provided that such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

Resolution 6, which will be proposed as a special resolution, is to change the Company's name to Hunter Resources PLC.

Resolution 7, which will be proposed as a special resolution, is to adopt the Investing Policy as set out in Part I of this document from the conclusion of the AGM as the Company's Investing Policy.

Resolution 8, which will be proposed as a special resolution, is to adopt the New Articles in substitution for and to the exclusion of the Articles with effect from the conclusion of the AGM.

#### **14. ACTION TO BE TAKEN**

**A Form of Proxy is enclosed for use in connection with the AGM. Whether or not you intend to be present at the AGM, you are requested to complete, sign and return the Form of Proxy to Appleby, 33-37 Athol Street, Douglas, Isle of Man IM1 1LB; Fax: +44 (0)1624 626538 as soon as possible but in any event so as to arrive not later than 2.30 p.m. on 26th December 2012. The completion and return of a Form of Proxy will not preclude you from attending the meeting, or speaking and voting in person should you subsequently wish to do so.**

**The Company has received irrevocable undertakings from the holders of Ordinary Shares totalling 51,926,500 Ordinary Shares representing approximately 55 per cent. of the Company's issued share capital to vote in favour of the Resolutions.**

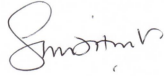
**Should the Proposals not be approved by Shareholders at the AGM, the Company would have an immediate need to raise additional working capital and as there can be no certainty that the Company could raise such funds on acceptable terms, or at all, there is a serious risk that the Company would fail.**

#### **15. RECOMMENDATION**

**Having consulted with the Company's advisers, the Directors consider that the passing of the Resolutions to be in the best interests of the Company and of the Shareholders**

**and therefore unanimously recommend Shareholders to vote in favour of the Resolutions, as they intend to do so or procure to be done in respect of their own legal and beneficial shareholdings, which in aggregate amount to 1,000,000 Ordinary Shares, representing approximately 1.07 per cent. of the issued share capital of the Company.**

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon Hunt', written in a cursive style.

Simon Hunt  
Chairman

## **PART II**

### **RISK FACTORS**

Potential investors and Shareholders should carefully consider the risks described below before making a decision to invest in the Company. This Part II contains what the Directors believe to be the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results or future operations could be adversely affected. In such circumstances, the trading price of the new Ordinary Shares could decline and an investor may lose all or part of his investment. There can be no certainty that the Company will be able to implement successfully any strategy set out in this Document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

This Document may contain statements about the Company that are or may be "forward looking statements". All statements, other than statements of historical facts, included in this Document may be forward-looking statements and are subject to, inter alia, the risk factors described within this Part II. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue", "potential" or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this Document and include (without limitation) statements regarding the Directors' intentions, understanding, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement on the front page of this Document. All forward-looking statements contained in this Document are based on information

available to the Directors at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

In addition to the other relevant information set out in this Document, these risks should be considered carefully in evaluating an investment in the Company. An investment in the Company may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an independent financial adviser duly authorised under the FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest. The risks set out below are not presented in any assumed order of priority.

## **RISKS RELATING TO THE COMPANY'S INVESTING POLICY**

### **No operating history as an investing company**

The Company will only commence pursuing its Investing Policy following approval of the Resolutions. The Company currently has no formally arranged financing facilities other than the Underwriting Agreement. As a result, there can be no assurance that the Company will be successful or that it will meet the objectives of its Investing Policy.

There is, therefore, no basis on which to evaluate the Company's ability to achieve its objective, to implement its Investing Policy and provide a satisfactory investment return. Any failure in achieving its Investing Policy or in managing its financial controls, reporting systems or procedures could have a material adverse effect on the Company's results of operations, financial condition and prospects.

### **Identifying a suitable target**

The Company will be dependent upon the ability of the Directors to identify suitable investment opportunities and to implement the Investing Policy. As at the date hereof, the Directors have not identified any investment opportunities which they have resolved to pursue. If the Directors do not identify an opportunity that corresponds to the Investing Policy for creating value, then the Company may not be able to invest its cash in a manner which accomplishes its objectives. There is no guarantee that the Company will be able to acquire an identified opportunity at an appropriate price, or at all, as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence.

### **Change in Investing Policy**

The Investing Policy may be modified and altered from time to time, but only after obtaining Shareholder approval, so it is possible that the approaches adopted to achieve the Company's investment objectives in the future may be different from those presently expected to be used and disclosed in this Document.

## **Market conditions**

Market conditions may have a negative impact on the Company's ability to execute investments in suitable assets which generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable assets.

The Company can give no assurance as to how long it will take it to invest any or all of its cash resources, if at all, and the longer the period the greater the likely impact on the Company's performance and financial condition.

## **Costs associated with potential investments**

The Company expects to incur certain third party costs associated with the sourcing of suitable investments. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given investment will be successful, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, financial condition and business prospects.

## **Ownership risks**

Under the Investing Policy, the Company has the ability to enter into a variety of investment structures, including joint ventures, acquisition of controlling interests or acquisition of minority interests. In the event the Company acquires a 100 per cent. interest in a particular asset or entity, or makes a single investment in an entity, the resulting concentration of risk may result in a total or partial loss on its investment and have a material adverse effect on the Company's performance.

If the Company acquires less than a 100 per cent. interest in a particular asset or entity, the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset or entity may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans, or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, this may affect the ability of the Company to implement its strategies.

In addition, there is a risk of disputes between the Company and third parties who have an interest in the asset or entity in question. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Directors from focusing its time to fulfil the Investing Policy. The Company may also, in certain circumstances, be liable for the actions of such third parties.

## **Due diligence process**

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential project, before making an investment. The objective of the due diligence process will be to identify material issues which might affect an investment decision. When conducting due diligence and making

an assessment regarding an investment, the Company will be required to rely on resources available to it, including, in the main, public information and, in some circumstances, third party investigations. As a result, there can be no assurance that the due diligence undertaken with respect to any potential project will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such project. Further, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from conclusion of the due diligence exercise until the desired investment has been made. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and activities of the target, including but not limited to liabilities relating to litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities.

### **Valuation error**

The Company may miscalculate the realisable value of an investment in a project. A lack of reliable information, errors in assumptions or forecasts and/or inability to successfully implement an investment, among other factors, could all result in the project having a lower realisable value than anticipated. If the Company is not able to realise an investment at its anticipated levels of profitability, projected investment returns could be adversely affected.

### **Financing**

Implementation of the Investing Policy may require significant capital investment. The only sources of financing currently available to the Company are the limited cash resources from the conditional subscription and any potential future issue of additional equity capital. The Company's ability to raise further funds will depend on the success of existing and acquired investments. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or anticipated expansion. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

### **Regulation**

Despite the Company being an Investing Company for the purposes of the AIM Rules, the Company will be a closed ended investment company for the purposes of the Isle of Man Collective Investment Schemes Act 2008, and therefore not subject to regulation in the Isle of Man by the Isle of Man Financial Supervision Commission or otherwise.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Investment in securities traded on AIM**

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

**Suitability**

An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are accordingly advised to consult an appropriate person authorised under the FSMA before making their decision.

**Share price volatility and liquidity**

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

**Warrants**

The issue of the Directors Warrants and the Underwriting Warrants will mean that the equivalent of approximately 26 per cent. of the Company's enlarged issued share capital following Admission will be under option. The exercise of such Warrants will dilute the shareholding of the other Shareholders and may dilute the net asset value of the Ordinary Shares.



**GEM BIOFUELS PLC**  
**(the "Company")**

(a company incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 with registered number 115011C)

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of the Company will be held at the offices of Appleby, 33-37 Athol Street, Douglas, Isle of Man IM1 1LB at 2.30 p.m. on 28th December 2012 to consider and, if thought fit, to pass the following resolutions:

**ORDINARY BUSINESS**

**ORDINARY RESOLUTIONS**

1. To receive and adopt the financial statements and the audited accounts for the year ended 31st December 2011.
2. THAT Simon Dennis Hunt, having retired by rotation under article 92 of the Company's articles of association for the time being and being eligible for re-election, be re-elected as a Director of the Company.
3. THAT Mazars LLP of Tower Bridge House, St Katherine's Way, London E1W 1DD be reappointed auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the company and that their remuneration be determined by the Directors.

**SPECIAL BUSINESS**

**ORDINARY RESOLUTIONS**

1. **THAT**, conditional on the passing of Special Business - Resolutions 2, 3, 5 and 8 every issued Ordinary Share of £0.01 each in the capital of the Company be and they are sub-divided and re-designated into one ordinary share of £0.001, having the same rights and being subject to the same restriction as the existing ordinary shares, and one deferred share of £0.009 each ("**Deferred Shares**"), having the rights and being subject to the restrictions attached to them as set out in the new articles of association of the Company proposed proposed to be adopted by the Company below.
2. **THAT**, conditional upon the passing of Special Business - Resolutions 1, 3, 5 and 8 the Company's share capital be and it is amended from £2,000,000 divided into 2,000,000,000 Ordinary Shares of £0.001 each to £2,500,000 divided into 700,000,000 Ordinary Shares of £0.001 each and 200,000,000 Deferred Shares of £0.009 each.
3. **THAT**, conditional upon the passing of Special Business - Resolutions 1, 2, 5 and 8 and in substitution for any equivalent authority which may have been given to the directors prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to article 3.7 of the new articles of association of the Company proposed to be adopted pursuant to Special Business - Resolution 8 (below) (the "**New Articles**") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or convert any security into shares of the Company (such shares,

and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") provided that this authority shall be limited to:

(a) the allotment of up to 350,000,000 new ordinary shares of £0.001 each in the capital of the Company in connection with the Subscription (as such term is defined in the Circular) or if the Subscription is not fully subscribed, allotted at the discretion of the Directors; and

(b) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares of £0.001 each in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in regulation 3 of the Companies Acts 1931 to 2004 (Treasury Share) Regulations 2010) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and

(c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of 175,000,000 relevant securities up to an aggregate nominal value equal to £175,000,

and unless previously renewed, revoked, varied or extended, this authority shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

4. **THAT**, pursuant to article 3.7 of the New Articles, the directors be and they are authorised to issue warrants or options to acquire Ordinary Shares to directors of the Company in such number no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant/option, with an exercise period of no more than 5 years from the date of issue and on such other terms approved by the independent directors be and is approved for all purposes including the AIM Rules and authority to issue such shares free of pre-emptive rights and the directors be and are authorised to do all acts and things as may be necessary to effect the issue of such warrants/options. This resolution replaces and supersedes the current existing authority/resolution for the issue of options or warrants to the directors of the Company over up to 10 per cent. of the issued share capital from time to time.

#### **SPECIAL RESOLUTIONS**

5. **THAT**, conditional upon the passing of Special Business - Resolutions 1, 2, 3 and 8 and in substitution for any existing power given to the directors prior to the passing of this resolution, the pre-emption provisions contained in article 3.8 of the Company's New Articles be and are hereby disapplied and further the directors be and they are empowered pursuant to article 3.7 of the New Articles to allot equity securities (as defined in the New Articles) of the Company for

cash pursuant to the authority of the directors conferred by Special Business - Resolutions 3 and 4 provided that the power conferred by this resolution shall be limited to:

(a) the allotment of 350,000,000 new ordinary shares of £0.001 each (as sub-divided and re-designated pursuant to Resolution 2) in the capital of the Company in connection with the Subscription;

(b) the allotment of 70,000,000 new ordinary shares of £0.001 each (as sub-divided and re-designated pursuant to Resolution 2) in the capital of the Company in connection with the Underwriting Warrants;

(c) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares of £0.001 each in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in regulation 3 of the Companies Acts 1931 to 2004 (Treasury Share) Regulations 2010) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

(d) issue warrants or options to acquire Ordinary Shares to directors of the Company in such number no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant/option, with an exercise period of no more than 5 years from the date of issue and on such other terms approved by the independent directors be and is approved for all purposes including the AIM Rules and authority to issue such shares free of pre-emptive rights and the directors be and are authorised to do all acts and things as may be necessary to effect the issue of such warrants/options. This resolution replaces and supersedes the current existing authority/resolution for the issue of options or warrants to the directors of the Company over up to 10 per cent. of the issued share capital from time to time; and

(e) the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of 52,500,000 relevant securities up to an aggregate nominal value equal to £52,500 on the terms, at the times and other at the discretion of the directors,

and unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this resolution except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

6. **THAT**, the Company's name be and it is changed to Hunter Resources PLC

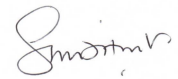
7. **THAT**, the investing policy as set out in Part I of the Circular be and is hereby approved and adopted with effect from the conclusion of the AGM as the Company's Investing Policy.

8. **THAT**, the draft new articles of association produced to the meeting and initialled for identification purposes by the Chairman of the meeting be and they are adopted by the Company in substitution for, and to the exclusion of, the existing articles of association with effect from the conclusion of the AGM.

Dated: 4th December 2012

*Registered Office:*  
33 Athol Street  
Douglas, Isle of Man  
IM1 4LB

By order of the Board



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*Director*

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, either on a show of hands or on a poll, to vote in his or her place. A proxy need not be a member of the Company.
2. To be valid the enclosed Form of Proxy for the AGM together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 2.30 p.m. on 26th December 2012 at 33 Athol Street, Douglas, Isle of Man IM1 1LB or in the alternative by facsimile on +44 (0) 1624 620 992 not less than 48 hours before the time for holding the meeting.
3. Completion and return of the Form of Proxy will not prevent you from attending and voting in person should you wish to do so.
4. The Company specifies that only those shareholders registered in the register of members of the Company as at 2.30 p.m. on 26th December 2012 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members after 2.30 p.m. on 26th December 2012 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

## GEM BioFuels Plc

### FORM OF PROXY

The Directors  
 GEM BIOFUELS PLC  
 33 Athol St  
 Douglas  
 Isle of Man  
 IM1 1LB

Dear Sirs,

I/We, \_\_\_\_\_ of \_\_\_\_\_, being the holder of \_\_\_\_\_ share(s) in GEM BIOFUELS PLC ("the Company"), hereby appoint the Chairman of the meeting or \_\_\_\_\_ of \_\_\_\_\_ (\*delete as appropriate) to act as my/our Proxy at the Annual General Meeting of the Company to be held at Appleby, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB on 28th December 2012 at 2.30 p.m. and at any adjournment thereof and to vote for or against the Resolutions, as indicated below and to hold the power and authority to call for a poll on any or all Resolutions and to vote for or against any or all Resolutions on a poll.

### Ordinary Business

#### ORDINARY RESOLUTIONS

	For	Against
1. To receive and adopt the directors and the audited accounts for the year ended 31st December 2011		
2. THAT Simon Dennis Hunt, having retired by rotation under article 92 of the Company's articles of association for the time being and being eligible for re-election, be re-elected as a Director of the Company		
3. THAT Mazars LLP of Tower Bridge House, St Katherine's Way, London E1W 1DD be reappointed auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the company and that their remuneration be determined by the Directors		

### Special Business

#### ORDINARY RESOLUTIONS

1. THAT, conditional on the passing of Resolutions 2, 3, 5 and 8, every issued Ordinary Share of £0.01 each in the capital of the Company be and they are sub-divided and re-designated into one ordinary share of £0.001, having the same rights and being subject to the same	For	Against
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<p>restriction as the existing ordinary shares, and one deferred shares of £0.009 each ("Deferred Shares"), having the rights and being subject to the restrictions attached to them as set out in the new articles of association of the Company proposed proposed to be adopted by the Company below.</p>		
<p>2. <b>THAT</b>, conditional upon the passing of Resolutions 1, 3, 5 and 8 the Company's share capital be and it is amended from £2,000,000 divided into 2,000,000,000 Ordinary Shares of £0.001 each to £2,500,000 divided into 700,000,000 Ordinary Shares of £0.001 each and 200,000,000 Deferred Shares of £0.009 each.</p>		
<p><b>3. THAT</b>, conditional upon the passing of Special Business - Resolutions 1, 2, 5 and 8 and in substitution for any equivalent authority which may have been given to the directors prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to article 3.7 of the new articles of association of the Company proposed to be adopted pursuant to Special Business - Resolution 8 (below) (the "<b>New Articles</b>") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") provided that this authority shall be limited to:</p> <p>(a) the allotment of up to 350,000,000 new ordinary shares of £0.001 each in the capital of the Company in connection with the Subscription (as such term is defined in the Circular) or if the Subscription is not fully subscribed, allotted at the discretion of the Directors;</p> <p>(b) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares of £0.001 each in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in regulation 3 of the Companies Acts 1931 to 2004 (Treasury Share) Regulations 2010) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and</p> <p>(c) the allotment (otherwise than pursuant to sub-paragraphs (a) and(b) above) of 175,000,000 relevant securities up to an aggregate nominal value equal to £175,000,</p> <p>and unless previously renewed, revoked, varied or extended, this authority shall expire at the earlier of the date which is 15 months from the date of</p>		

<p>the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.</p>		
<p><b>4. THAT</b>, pursuant to article 3.7 of the New Articles, the directors be and they are authorised to issue warrants or options to acquire Ordinary Shares to directors of the Company in such number no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant/option, with an exercise period of no more than 5 years from the date of issue and on such other terms approved by the independent directors be and is approved for all purposes including the AIM Rules and authority to issue such shares free of pre-emptive rights and the directors be and are authorised to do all acts and things as may be necessary to effect the issue of such warrants/options. This resolution replaces and supersedes the current existing authority/resolution for the issue of options or warrants to the directors of the Company over up to 10 per cent. of the issued share capital from time to time</p>		
<p><b>SPECIAL RESOLUTIONS</b></p>		
<p><b>5. THAT</b>, conditional upon the passing of Resolutions 1, 2, 3 and 8 and in substitution for any existing power given to the directors prior to the passing of this resolution, the pre-emption provisions contained in article 3.8 of the Company's New Articles be and are hereby disapplied and further the directors be and they are empowered pursuant to article 3.7 of the New Articles to allot equity securities (as defined in the New Articles) of the Company for cash pursuant to the authority of the directors conferred by Special Business - Resolutions 3 and 4 provided that the power conferred by this resolution shall be limited to:</p> <p>(a) the allotment of 350,000,000 new ordinary shares of £0.001 each (as sub-divided and re-designated pursuant to Resolution 2) in the capital of the Company in connection with the Subscription or if the Subscription is not fully subscribed, allotted at the discretion of the Directors;</p> <p>(b) the allotment of 70,000,000 new ordinary shares of £0.001 each (as sub-divided and re-designated pursuant to Resolution 2) in the capital of the Company in connection with the Underwriting Warrants;</p> <p>(c) the allotment of equity securities in connection with an invitation or</p>		

offer of equity securities to the holders of ordinary shares of £0.001 each in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in regulation 3 of the Companies Acts 1931 to 2004 (Treasury Share) Regulations 2010) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

(d) issue warrants or options to acquire Ordinary Shares to directors of the Company in such number no greater than 10 per cent. of the number of fully diluted Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire an Ordinary Share at a price per share no less than the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant/option, with an exercise period of no more than 5 years from the date of issue and on such other terms approved by the independent directors be and is approved for all purposes including the AIM Rules and authority to issue such shares free of pre-emptive rights and the directors be and are authorised to do all acts and things as may be necessary to effect the issue of such warrants/options. This resolution replaces and supersedes the current existing authority/resolution for the issue of options or warrants to the directors of the Company over up to 10 per cent. of the issued share capital from time to time; and

(e) the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of up to 52,500,000 relevant securities up to an aggregate nominal value equal to £52,500 on the terms, at the times and otherwise at the discretion of the directors,

and unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this resolution except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

of such offer or agreement as if this power had not expired.

**6 THAT,** the Company's name be and it is changed to Hunter Resources PLC.



<p><b>7 THAT</b>, the investing policy as set out in Part I of this document be and is hereby approved and adopted with effect from the conclusion of the AGM as the Company's Investing Policy.</p>		
<p><b>8. THAT</b>, the draft new articles of association produced to the meeting and initialed for identification purposes by the Chairman of the meeting be and they are adopted by the Company in substitution for, and to the exclusion of, the existing articles of association with effect from the conclusion of the AGM.</p>		

Yours faithfully

.....  
Signature

.....  
Date

.....  
Address