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5 December 2012

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

**Notice of AGM, Proposed Investing Policy, Share Capital Reorganisation, Change of Name, Subscription for New Shares and Board Changes**

**Notice of AGM – Outline**

The Company will hold its Annual General Meeting ("AGM") 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 of the AGM and accompanying information circular has been posted on the Company's website ([www.gembiofuels.com](http://www.gembiofuels.com)), in accordance with its articles of association. A covering letter has been sent to all shareholders, a copy of which can also be viewed on the Company's website.

**Notice of AGM – Background to 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, the Company's plantation activities in Madagascar have resulted in significantly less success than was hoped. Further examination by 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 as 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 (both by the Company and the external agronomic consultants) involved examining other plantation crop opportunities both utilising the Company's land bank and in other areas. Whilst several such opportunities appeared to have great potential it was deemed too difficult to capitalise on them without major additional funding. 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 mining and natural resources 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. As a result, the Company will be reclassified as an Investing Company under Rule 15 of the AIM Rules for Companies (“AIM Rules”).

### **Notice of AGM – Proposed Investing Policy**

Shareholders will be asked at the AGM to approve the following investing policy, in accordance with Rule 15 of the AIM Rules:

“The Directors intend initially to seek to acquire a direct and/or an indirect interest in projects and assets in the mining and 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.”

The Company will be under an obligation under Rule 15 of the AIM Rules 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 the AGM, 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 the AGM then admission of the Company’s Ordinary Shares to trading on AIM will be cancelled.

## **Notice of AGM – Share Capital Reorganisation**

Shareholders' approval is being sought at the AGM to reorganise the Company's share capital by sub-dividing and re-designating each existing Ordinary Share into one ordinary share of £0.001 ("New Ordinary Share") each and one deferred share of £0.009 each ("Deferred Share").

### *New Ordinary Shares*

Immediately following the sub-division and re-designation, each Shareholder will hold one New Ordinary Share and one Deferred Share in place of every one existing Ordinary Share each previously held in the capital of the Company. The rights of the New 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.

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 new Subscribers to subscribe for new fully paid shares as the subscription price is below the current par value of 1 pence per Ordinary Share.

## **Notice of AGM - Change of Name**

It will be proposed at the AGM 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.

## **Notice of AGM – Subscription for New Ordinary Shares**

The Board is pleased to advise that, subject to shareholders' approval 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 New Ordinary Shares ("Subscription") at a subscription price of £0.001 ("Subscription Price") per New Ordinary Share ("Subscription Shares"). The Subscription Shares will represent approximately 79 per cent. of the enlarged share capital of the Company, assuming full subscription.

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 11 January 2013 ("Admission"). The Subscription Shares will, when issued, rank *pari passu* in all respects with the New Ordinary Shares

The Company has entered into an underwriting agreement ("Underwriting Agreement") with Marine Investments (WA) Pty Ltd ("Marine Investments"), whereby Marine Investments have undertaken to subscribe for Subscription Shares 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. Marine Investments have indicated that they will procure subscriptions by third parties (which are not acting in concert with Marine Investments) over such number of the Underwritten Shares necessary to avoid Marine Investments acquiring in excess of 29.9 per cent of the issued Ordinary Shares of the Company

In consideration for the Underwriting Agreement, 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 Subscription Shares issued ("Underwriting Warrant"). Each Underwriting Warrant will confer the right (but not the obligation) to subscribe for one New 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 New 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 2 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 also agreed that Marine Investments will receive a fee if Marine Investments identifies a transaction for the Company as a result of which the Company is subject to a reverse takeover pursuant to the AIM Rules. 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 New Ordinary Shares.

### **Notice of AGM - Board Changes**

Subject to the approval of the various resolutions at the AGM and normal due diligence procedures required for regulatory purposes, it is proposed that immediately following the AGM, that Mr David Paull and Mr John Molyneux will join the Board in the roles of Non-Executive Directors respectively and Malcolm Williams will step down from the Board. Simon Hunt 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 LoebL 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.

The Company will provide disclosure of the information required under Schedule 2 of the AIM Rules prior to the appointment of Messrs Paull and Molyneux.

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

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 New Ordinary Shares from time to time and on terms no more beneficial to the holder than the right to acquire a New Ordinary Share at a price per share no less than the average volume weighted trading price of the New 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.

#### **AGM – Voting Intentions**

The Company has received irrevocable undertakings from the holders of Ordinary Shares totalling 51,926,500 ordinary shares representing approximately 55.7 per cent. of the Company's current issued share capital to vote in favour of the resolutions.

The directors of the Company unanimously recommend that you vote in favour of each resolution. If the resolutions are not passed, it is likely that the Company will be forced to declare itself insolvent and be the subject of winding up proceedings. However, if passed, the resolutions will enable the Company to proceed to a new stage where it will become an investment company seeking to acquire new assets in the natural resources sector.

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