

07 January 2013

GEM BIOFUELS PLC
(“GEM” or the “Company”)

£310,000 raised through a subscription and issue of a convertible loan note

Introduction

On 28 December 2012 the Company announced that, at its AGM, shareholders voted in favour of all of the resolutions, including those approving a share capital reorganisation and fundraising by way of a subscription for new shares in the Company. All definitions used in this announcement have the same meaning as the Company’s announcement of 5 December 2012, unless otherwise defined herein.

Issue of Equity and Convertible Loan Note

The Company is pleased to announce that it has raised a total of £310,000 through a combination of the Subscription and the issue of a convertible loan note. £284,132 was raised through the Subscription of 284,131,944 new ordinary shares of £0.001 each in the Company (the “Subscription Shares”) at a price of £0.001 per Subscription Share. A further £25,868 was raised through the issue of a convertible loan note to Marine Investments (WA) Pty Limited (the “Loan Note”). The Loan Note carries no interest charge, is repayable within one year and is convertible into ordinary shares of £0.001 each in the Company (“Ordinary Shares”) at a conversion price of £0.001 per Ordinary Share. The proceeds of the Subscription and issue of the Loan Note will be used by the Company to implement its investing policy.

Following completion of the Subscription, the Directors’ shareholdings in the Company are as follows:

Name of Director	No. of Ordinary Shares subscribed for	No. of Ordinary Shares held following Subscription	% of enlarged issued share capital of the Company held
Simon Hunt (<i>Chairman</i>)	0	1,000,000	0.265%
David Paull* (<i>Non-Executive</i>)	5,000,000	9,490,166	2.52%
John Molyneux (<i>Non-Executive</i>)	5,500,000	5,500,000	1.46%

**37,500 of these shares are held by Jacobs Ladder Limited, a company in which Mr Paull has a 25% interest and 4,452,666 of these shares are held by 2RS Pty Limited, a company controlled by Mr Paull.*

In addition, the following parties' notifiable interests in the Company have changed following completion of the Subscription:

Name of shareholder	No. of Ordinary Shares subscribed for	No. of Ordinary Shares held following Subscription	% of enlarged issued share capital of the Company held
Marine Investments (WA) Pty Limited*	107,631,944	111,231,944	29.48%
Hatfield Nominees Pty Limited**	25,000,000	30,033,833	7.99%
Faris Cassim	20,000,000	20,000,000	5.30%
RAB Capital	0	50,926,500	13.49%

**includes 2,000,000 shares held by Diana Lalor and 1,000,000 shares held by Peter Lalor and 600,000 shares held by Blackwood Consolidated Pty Limited. Marine Investments (WA) Pty and Blackwood Consolidated Pty Limited are both controlled by Peter Lalor.*

***includes 19,666,333 shares in the name of Hatfield Nominees Pty Limited, 165,000 shares in the name of Galgo Investments Pty Limited and 10,165,000 shares in the name of Finmont Pty Limited and 37,500 shares in the name of Jacobs Ladder Investments Pty Limited*

Admission and Total Voting Rights

Application has been made for the Subscription Shares, along with the 93,164,834 New Ordinary Shares created from the share capital reorganisation, further details of which were announced on 5 December 2012, to be admitted to trading on AIM ("Admission") and it is expected that Admission will occur on 8 January 2013.

On Admission the Company will have a total of 377,296,778 Ordinary Shares in issue. This figure may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FSA's Disclosure and Transparency Rules.

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