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Investment Highlights

Experienced Team with Proven Track Record

- Successfully developed 2,500 hectare Ghana pilot plantation
- Corporate team has developed several large Africa projects including \$800 million SEACOM undersea fiber optic cable in East Africa and \$850 million Bujagali hydroelectric project in Uganda
- Complete senior leadership team, Cameroon management and more than 500 person workforce

Attractive Returns with Strong Downside Protection

- Targeting 25%+ IRR from operating cash flow and 40%+ IRR and 10x MOIC through exit
- Investment is uncorrelated to stocks, bonds and real estate and strong inflation hedge
- Significant and rapid asset appreciation at each stage of development to operational maturity
- Strong free cash flow from 30 year+ operating assets, with optionality to further expand acreage
- Robust, well developed sector, with \$100 Billion combined palm oil public market capitalization

Established Cameroon Plantation Project and Business Model

- 6 years development effort to select land and secured 99 year lease for up to 70,000 hectares
- Secured all required permits and approvals to commence field operations
- Plantation core infrastructure either in place or well under development
- 4 nurseries in operation and expected to produce 1.6 million trees for planting over the next year

Strong Palm Oil Market Demand Fundamentals

- Demand has grown at 8% CAGR since 1980 expected to double by 2030 to 100 million tons
- 38% of the world's edible oil consumption, 50% greater than next largest substitute and growing
- \$55 Billion/year traded market, accounting for 2/3 of global edible oil trade
- Key ingredient in vast range of products, including food, commercial and industrial applications

Investment Highlights

Highly Favorable Palm Oil Supply Dynamics

- Lowest cost edible oil and by far the highest oil yield per hectare
- Supply currently highly concentrated in South East Asia, with very limited land to expand
- Cameroon is well positioned with land similar to the best growing regions of Southeast Asia
- Majority of palm majors have acquired or are now developing plantations across West Africa

Strong Cameroon Government Support & Cooperation

- 10 year tax holiday, future flat tax rate, no limits on exports, and other commercial incentives stimulates foreign investment to improve a currently underdeveloped region of Cameroon
- Desire for improved food security and agricultural self-sufficiency
- Further assurance and risk mitigation from political risk coverage secured via Zurich Insurance

Commitment to Social Responsibility Best Practices

- Devoted to following IFC performance standards for palm oil development and operations
- Completed extensive environment review, protecting ecological significant forest & buffer zones
- Developing only on land deemed low grade or secondary forest, with minimal impact to wildlife
- Assembled full-time team of leading sustainability and environmental experts
- Provide thousands of local jobs for decades in a region with currently very high unemployment
- Extensive social programs include college scholarships and community development programs
- Building public infrastructure including roads, hospitals and schools

About Herakles Farms

HERAKLES

Herakles Farms is an experienced developer, owner and operator of agricultural projects in Africa

Proven track record in successfully leading sustainable projects that produce long-term benefits for developing regions and provide our investors with very compelling returns

Investors have the opportunity to participate in the flagship palm oil plantation project in Cameroon:

- 73,000 hectares under 99 year lease through Cameroon Establishment Convention
- Ideal growing conditions similar to some of the most prized regions for palm oil cultivation in Southeast Asia
- 6 years and over \$40 million invested to acquire best land and build infrastructure
- Initial 30,000 hectares in development, secured all required permits for field operations
- 4 nurseries in operation and >1 million trees scheduled for planting over the coming year
- Senior operations team and 500 plantation workers and field managers in place

Cameroon Plantation Milestones

Focused and experienced leadership team with proven track record

Cameroon Leadership and Staffing

More than 500 employees:

- 20 person senior operations team in place
- 500 field workers and field managers for nurseries and planting, overseen by Sarjit Singh
- Additional project staff for land development, including managers, equipment operators and loggers for land preparations and road construction

Key recent senior management hires:

- Patrick Jones, Managing Director: American with vast experience managing large complex projects; former SVP of Development for Sithe Energies, responsible for establishing Sithe's presence in multiple countries around the globe; detailed experience with land clearing and logging as founder of a natural resources processing firm
- ✓ Dr. Blessed Okole, SVP of Strategic Planning & Field Operations: Native to region with PhD in Agricultural Biotechnology; previous Head of International Business Development for the Technology Innovation Agency of the Government of South Africa
- ✓ Dr. Atanga Ekobo, Vice President of Conservation: Cameroon native with over 20 years working with World Wide Fund for Nature (WWF) in Cameroon; for past 10 years, served as Program Coordinator for the WWF Coastal Forests Program focusing on programs and studies within the Herakles Farms area
- Chris Leahy, Financial Manager: Australian with previous experience at Bolin Accountants, Beames & Associates Accounting and Financial Services, and William Buck; B.A. in Commerce, Accounting and Finance from the Australian National University; Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants Australia (ICAA)

Track Record - Ghana Pilot Plantation Update

- 4,364 hectare land bank secured for at least 60 years:
 - 2,160 hectares planted (as of Q1 '13)
 - 800 hectares to be harvested this year
 - Achieved target production of 23 metric tons in first harvest
- Successfully secured all government permits and approvals at every phase
- Established nurseries in 2008, successfully cultivated over 500,000 oil palm trees
- Completed thorough environmental impact assessment and granted EPA authorization in 2010
- Built necessary infrastructure including 84 KM of roads
- Currently employ 75 full time staff and up to 450 day workers as needed
- 1,000+ additional hectares under negotiation, with identical terms and conditions

Successfully negotiated numerous government inducements and incentives, including:

- 10 year exemption from income tax and favorable rates thereafter
- Exemption from typical export and import limitations, licensing, bureaucracy and taxes
- Other free trade zone benefits such as no restrictions on movement of capital and protections from expropriation or other typical political risk facts

Substantial Development Experience in Africa

The Herakles corporate team has successfully worked on large, transformative projects in Africa that provided attractive returns for investors and significantly raised regional living standards

SEACOM

- \$800 Million, 16,000 KM undersea fiber optic cable, launched in 2009
- Provides 300 million people of East Africa with affordable internet access
- 90% cost savings for consumers versus previous option of satellite connection
- Euromoney Project Finance's "Africa Communications Deal of the Year" (2007)
- AfricaCom's "Best Pan African Initiative" award (2009)

BUJAGALI

- \$860 million 250 MegaWatt hydroelectric power generation project
- Located on the upper Nile River
- Provides nearly 40% of the electricity for Uganda
- Sponsored by Sithe Global, a developer of power generation assets worldwide
- Euromoney Project Finance's "Africa Power Deal of the Year" award (2007)

Africa Demand Factors

Africa's average per capita consumption of oils and fats is only about 11 kg, compared to the world average of about 24 kg.

Africa's per capita consumption is expected to continue rapid growth with:

- ✓ increased population
- ✓ rising per capita income and affluence, and
- dietary evolution and transition away from subsistence farming

Africa Supply Factors

Despite the oil palm tree originating in West Africa and good climatic conditions, Africa imported nearly 5 million tons of palm oil in 2011:

- West and Central Africa imported over 1.7 million tons, nearly \$2 Billion worth of palm oil
- Cameroon imports nearly 30,000 tons per year, and neighboring Nigeria imports approximately 725,000 tons per year
- The only African country that is not a net importer of its palm oil is the lvory Coast

Region	Average Annual Per Capita Vegetable Oil Cons. (kg)						
World	25						
USA	49						
EU	62						
China	24						
India	15						
Africa	11						
Source: Oil World							

Current Global Palm Oil Supply

Africa Palm Oil – Substantial Development Activity

- With ideal growing conditions, restricted land acquisition opportunities in traditional Southeast Asia and the palm tree indigenous, West Africa has become the 'last frontier' for commercial scale palm production
- Early mover advantage allowed Herakles to secure top-tier land at very favorable terms, however development activities in the region have since increased tremendously

Examples of the drive to develop palm oil in West Africa, led by the global leadership of the palm industry:

Company	Footprint ⁽¹⁾
Olam International	300,000 ha
Sime Darby	220,000 ha
Golden Agri	200,000 ha
Equatorial Palm	169,000 ha
Herakles Farms	78,000 ha
Feronia	70,000 ha
Eni	70,000 ha
Fri-El	51,000 ha
Socfin	51,000 ha
Wilmar	45,000 ha
SIAT	40,000 ha
Felda	-

Location

⁽¹⁾ Disclosed as concession, land bank, in development, in production and/or partnership stake

ERAKLES

Cameroon Plantation Overview:

- Over 3 years of due diligence went into selecting the optimum location
- 73,000 ha land bank secured under 99-year lease
- Attractive fiscal agreement and investor protections
- Establishment Convention executed in September 2009
- Nursery established and first seed delivery in August 2010
- ESIA development approved by Government of Cameroon in Sept 2011
- Field planting commenced

Ideal growing conditions, with soil, sunshine and rainfall at levels comparable to some of the most productive palm oil cultivation operations in the core markets of Indonesia and Malaysia:

- ✓ High rainfall
- ✓ Suitable soil
- ✓ Appropriate population density
- ✓ Attractive logistics
- ✓ Proximity to additional land for oil palm cultivation

Cameroon Establishment Convention

- Annual land lease fee of US \$1.00/ha for developed land and US \$0.50/ha for undeveloped land, increasing at a fixed rate of 2% per year
- Tax holiday on all existing and future taxes and duties for a period of 10 years from the initial production date
- Upon the expiration of the tax holiday, HF will be exempt from all taxes and duties except a flat rate on taxable profits, which shall not exceed 15%
- No restriction on tax-loss carry forwards
- Exemption on all taxes and duties payable on imports and exports
- No conditions or restrictions on: repatriation of dividends or net profit; payments for foreign loan servicing; payments of fees; and remittance of proceeds from sale of any interest
- Change in law protection
- Equitable Treatment In the event the Government grants more favorable treatment to another agriculture company, then the Government shall grant the same more favorable treatment to HF
- No restriction on the quantity of CPO that can be exported or sold domestically
- Waiver of any withholding taxes
- Ability to expand the amount of land under the same terms and conditions

Herakles Farms has worked with Government to diligently complete all legal requirements:

- ✓ Establishment Convention
- ✓ Land application approval
- ✓ Common Commitment
- ✓ Environmental and Social Impact Assessment approval

Planting Summary:

- Currently 4 nurseries in operation on approximately 120 hectares
- Over 1 million seedlings ready for planting over the next year with 1.4 million additional seedlings planned for 2013
- Signed long-term seedling supply agreement for high-yielding compact trees with higher planting density
 - o 14% increase in trees planted per hectares, resulting in a corresponding increase in yields compared to other varieties
- Transfer of trees from nursery to the field has commenced
- Targeting planting in field of approximately 3,000 hectares in 2013

Land & Infrastructure Development Summary:

- Over \$15m of land development equipment on-site, including excavators, dozers, field tractors and logistical vehicles
- Finalizing design specifications for first 30 MT modular palm oil mill
- Housing developed for over 100 employees
- Over 20 km of road developed

Land Expansion:

- Application for additional 11,000 hectares of land completed and submitted to government for approval:
- Process underway for securing additional 15,000 hectares of land in nearby areas

Sale of Merchantable Timber:

- Survey indicate there may be up to 3 billion cubic meters of timber available
- Herakles obtained permission from Ministry of Forestry to process and sell
- Initial pricing indicates sale of timber could provide immediate profit uplift

In addition to highly favorable aspects of Cameroon, investors have the added assurance of comprehensive political risk coverage secured through Zurich Insurance

- World's largest provider of PRI coverage
- 60, 000 employees in 170 countries
- 80 year operating history
- AA- credit rating, stable outlook
- Comprehensive policy with extensive coverage
- Attractive, low 1.6% total premium
- Provides assurance for 100% of invested equity (exception arbitration default, 90%)

Herakles Farms – Environmental Management Program

HF is committed to international best practices for sustainable palm oil:

- High conservation value (HCV) study conducted in accordance with Roundtable on Sustainable Palm Oil (RSPO) guidelines, and preclearing hectare-by-hectare studies prior to each phase of development
- ESIAs conducted in accordance with government guidelines and international standards
- No planting on high conservation value (HCV) land, critical habitat, peatland, or primary forest, and no burning policy
- Pursuing a strategy to maintain biodiversity, including intercropping and maintaining significant areas for buffers around water bodies, villages and HCV sites

Environmental highlights include:

- Resource efficiency:
 - Mill with methane capture technology effluent treated and utilized as a nutrient-enriched source of water and fertilizer for trees
 - o Compost from the empty fruit bunches (EFB) will be used as organic fertilizer, offsetting portion of non-organic fertilizer
 - o Cover of leguminous crops and beneficial flora result in reduction of non-organic herbicides
 - The project will be energy self-sufficient and not place extra demand requirements on the power grid
- No use of chemicals classified by the World Health Organization (WHO) as Type 1A and 1B or the herbicide, paraquat
- The company is exploring the potential for conversion of felled biomass into biochar, thereby delivering significant carbon sequestration

Herakles Social Responsibility Program

HF adopts a humanitarian approach to development, and is committing to measures such as:

- Direct communication and negotiation with land owners and local population when securing land bank
- No forced resettlement existing farms and communities will remain, and land is being set aside for their expansion (buffers, as well)
- Land-use planning through participatory mapping with communities and engagement throughout company build-out and operations (Community Relations Board and HF Community Relations Team)
- Support for smallholders regarding efficiency and technical training (including environmental best practices, crop diversification, and pricing)
- Contributions to community schools, hospitals, clean water facilities and community programming
- High quality labor standards in terms of safety and comfort

Community Development Training

Community Notice Board

Participatory Land-Use Mapping

Financial Highlights

Summary Use of Proceeds:

Capital Source	Amount	Uses	Amount
Series D	\$30,000,000	Plantation Development	\$24,000,000
		SG & A	\$2,000,000
		Fees & Miscellaneous	\$2,000,000

Herakles Farms – Illustrative Pro Forma Financial Highlights:

(in US\$ 000's, unless otherwise indicated)

	2013	2014	2015	2016	2017	2018	2019	2020
CPO Price Assumption	\$ 860	\$ 867	884	\$ 902	\$ 920	\$ 938	\$ 957	\$ 976
Financial Overview (in US\$ ooo's)								
Revenues % Change	-	- 0%	7,445 0%	27,832 274%	63,699 ^{129%}	112,486 ^{77%}	148,677 32%	187,060 26%
EBITDA EBITDA Margin	-	- 0%	(561) -8%	5,965 21%	24,532 39%	57,393 51%	104,139 70%	140,319 75%
Net Income Net Income Margin	(796) 0%	(1,732) 0%	(3,800) -51%	452 2%	15,625 25%	34,051 30%	79,073 53%	113,721 61%
Cash Debt	-	- 63,644	(561) 96,709	5,965 129,554	24,532 140.049	41,255 143,239	97,105 143,239	123,691 143,239
Land Statistics (Ha)		57 11	5 11 - 5	57551	1.7.15	137 33	13/ 33	137 33
In Preparation Ha/ Immature Ha	10,000	20,000	27,000	20,000	10,000	-	-	-
Mature Ha	-	-	3,000	10,000	20,000	30,000	30,000	30,000
Total Land Being Worked On	10,000	20,000	30,000	30,000	30,000	30,000	30,000	30,000
Total FFB Production (Tonnes)	-	-	36,477	131,613	288,590	485,090	602,000	720,250
Forecasted CPO Production (Tonnes)	-	-	7,295	26,788	60,266	104,681	136,275	168,622
Average Yearly FFB Yield (Tonnes/ Ha)	-	-	12.16	13.16	14.43	16.17	20.07	24.01

Palm Oil - Key Ingredient in Vast Range of Products

- Commonly labeled 'vegetable oil' palm is an ingredient in a vast range of food, consumer and industrial applications
- 50% of all packaged food sold today globally contains palm oil .

Food Applications	 Cooking Oil & Frying Fats Margarine & Shortening Ice Cream Chocolate Tocotrienol Extract 	 Specialty Fats Cocoa Butter Substitute & Extender Margarine Non-Dairy Creamer Confectionary Fats 	 Palm oil is extracted from the fruit of the oil palm (fresh fruit bunch or FFB) and yields: Crude Palm Oil (CPO), primarily used in food applications Palm Kernel Oil (PKO)
Non-Food Applications	Soap & DetergentsTextile OilLubricant	 Animal Feed Bio-fuels (methyl esters) 	 Palm Kernel Meal (PKM) Both PKO and PKM are used primarily in industrial applications
Oleochemicals	 Alcohol Food Coatings Food Emulsifiers Pharmaceuticals Candle Wax 	 Paint Paint Coatings Shampoo Detergents Cosmetics 	Apple Darish Active Act

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Palm Oil Demand

CPO consumption has an 8% CAGR since 1980, significantly higher than other oils:

• Soy: 4.4	1%
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- Rapeseed: 5.6%
- Sunflower: 4.0%
- Cottonseed: 1.8%
- Peanut: -2.4%
- Coconut: -1.0%

Demand for palm oil is driven primarily by:

- Increasing population
- Rising affluence and improved caloric intake
- Versatility in food and commercial applications
- Favorable cost and land efficiency

Nomura on global consumption

- Total vegetable oil consumption only dipped twice in the past 50 years (1967: -1.5%; 1984:-0.2%).
- Amongst the major oils of the vegetable oil complex, palm oil has a substantial cost advantage, which supports a discount to other oils (10-year average of ~25% vs. soybean oil).
- Simply speaking, people need to eat, and palm oil is the most cost-efficient edible oil that can meet that need. In last recession, palm oil consumption volumes rise, whilst those for soybean oil fell, as more people switched to cheaper edible oils.

Global Palm Oil Demand, since 1980

Million Tons

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Palm provides the highest yield of all oil crops:

- Over 8x higher than soybean;
- Nearly 6x higher than rapeseed; and,
- Over 7x higher than sunflower seed.
- Requires the least amount of inputs like fertilizer, fuel and pesticides
- Generates more employment per unit area than most other large scale farming, such as soybeans
- "With a (global) population increase of 11.6% and a 5% increase in per capita consumption, an additional 28 million tonnes of vegetable oils will have to be produced annually by 2020. Palm oil is well placed to meet this demand with the lowest requirement for new land." (World Bank report)

Palm Oil Supply

- Climate: requires to be in 5 degrees of equator, with specific sunshine, rainfall and soil conditions
- Development: cultivation and investment has traditional focused heavily in Southeast Asia
- Result is that only 2 regions to expand supply to meet relentless global demand growth

- Approximately 50.5 million tons of palm oil were produced in 2011, mostly by Indonesia and Malaysia.
- Malaysia and Indonesia have limited land left available for sustainable cultivation and are creating protectionist policies. If more suitable land is not identified, palm oil and vegetable oil prices will rise further as global demand grows, but supply does not.

"There's a need to look beyond Malaysian shores... It's difficult to say how much land Malaysia needs, but we are encouraging our local companies to invest in other countries."

- Malaysian Plantation Industries and Commodities Minister , 2008

In mid-2011, Indonesia signed a 2-year moratorium on new forest concessions to determine what is environmentally and socially suitable for production.

Bruce Wrobel, Chairman / Co-Founder

Bruce has over 30 years of experience in project development, finance, strategy and operations and 12 years focused on Africa. He is a founder of Sithe Global Power, which is responsible for the \$860 million Bujagali Hydroelectric Project on the Nile River in Uganda and SEACOM, East Africa's first international fiber-optic connection to the rest of the world, lowering connectivity costs by approximately 90%. In 2007, the Bujagali power project and SEACOM won the "Africa Power Deal of the Year" and the "Africa Communications Deal of the Year," respectively, from Euromoney Project Finance Magazine. In 2009, SEACOM was awarded AfricaCom's "Best Pan African Initiative," and Africa Investor awarded Mr. Wrobel with the "International Business Leader of the Year" award at the Africa Investor Summit and Awards Convention in Cape Town, South Africa.

Carmine Farnan, Senior Vice President - Development

Carmine currently focuses on new business development, having managed the West Africa region and implemented the oil palm alternative fuel strategy for Sithe Global. Prior to working in West Africa, Mr. Farnan managed the Southeast Asian assets for Sithe Energies. Previously, Mr. Farnan was the founder and Director of Global Power Services, a company that provided third-party operations and maintenance services to power stations. In this capacity, Mr. Farnan was responsible for business development and the oversight of all projects.

Delilah Rothenberg, Director – Corporate Development

Delilah has a background in finance and African business and is responsible for various aspects of sustainable project and business development for Herakles Farms. Previously, Ms. Rothenberg worked with Zephyr Management focusing on emerging markets private equity. Ms. Rothenberg also worked at Bear, Stearns & Co and at Gerson Lehrman Group developing investment ideas and strategies with institutional investors. She consults on economic development through the nonprofit, Business Council for Peace, as well as Development Capital Strategies, LLC. Ms. Rothenberg has a B.A. from New York University in history, politics, and African studies.

Appendix B - Cameroon Leadership Team

Dr. Blessed Okole, Senior Vice President - Strategic Planning and Field Operations

Blessed is a native of Cameroon with a PhD in Agricultural Biotechnology. He has a strong international background in both agriculture and in business operations. His extensive management experience includes senior positions in strategy, business development, fundraising, and management of project operations. Previously, he served as the Head of International Business Development for the Technology Innovation Agency of the Government of South Africa. As the SVP of Strategic Planning and Field Operations, Mr. Okole manages the Community Relations Department, the Environment Department, the Sustainability Department, the Public Relations Department, the soon to be created Government Relations Department, as well as business development and expansion opportunities.

Hamilton James, Director - Strategic Planning, Cameroon

Hamilton is responsible for various aspects of project and business development. Previously, Mr. James worked with McKinsey & Co. in management consulting, where he advised clients on strategy and planning relating to capital expenditure, growth, and risk mitigation among other fields across industries. Mr. James graduated from Harvard University with a B.A. in social studies.

Dr. Atanga Ekobo, Vice President - Conservation

Doctor Ekobo is a native of Cameroon with over 20 years working with World Wide Fund for Nature (WWF) in Cameroon. For the past ten years he was the Program Coordinator for the WWF Coastal Forests Programme. During his time with WWF, Dr. Ekobo focused on programs and studies within the South West Region. Dr. Ekobo began working in the Korup National Park (KNP) as early as 1988, where he initiated a research project on forest elephants. Dr. Ekobo has been a staunch proponent of environmental conservation and was instrumental in many important conservation projects, including the creation of more than half of the national parks located in the Cameroon part of the Congo Basin, as well as the Bakossi Landscape Project and projects related to KNP, Mt. Cameroon National Park and Banyang Mbo Wildlife Sanctuary. Dr. Ekobo earned a B.S. in Natural Sciences from the University of Yaounde in 1983 and earned a PhD in Conservation Biology from the University of Kent, England in 1995.

Appendix B - Cameroon Leadership Team, cont'd

Sarjit Singh, Vice President, Plantations, has over 34 years of experience in oil palm, rubber and other tropical crops. Mr. Singh worked for Sime Darby in Malaysia in various senior management positions. At Herakles Farms, he is responsible for strategic agronomy practices and their implementation, and he oversees the plantation design to ensure efficient land use. Mr. Singh holds a BS in Agronomy Science from Punjab University (India).

Joseph Mahop, Cameroon Human Resources Manager, is a native Cameroonian with over 20 years of experience in Human Resources including recruitment and retention, conflict resolution, change management, labor relations and benefits administration. Most recently, Mr. Mahop worked with H.E.L.P, a non-profit based in Texas, as the Human Resources Director for 12 years. Prior to his work with H.E.L.P, Mr. Mahop worked with Eciercam Limbe for nearly seven years as the Operations and Human Resource Manager, where he developed and implemented a series of innovative HR programs. He graduated with a bachelor's degree in Business Administration at the Northwood University and a master's in Administrative Studies at Southeastern Oklahoma State University.

Dennis Anye, Cameroon Environmental Manager, has over 12 years of experience in biodiversity policy and planning, ecology and conservation in Cameroon. At SGSOC, he oversees all aspects of environmental compliance. Previously, Mr. Anye worked as a Wildlife Biologist and Technical Advisor for BirdLife International, as well as a Research Officer for the Cameroon Institute of Agricultural Research for Development (IRAD). His work has included environmental monitoring for projects such as the Chad-Cameroon Exxon Mobile / Chevron / Petronas pipeline, the AES-Sonel Bekoko and Nkongsamba transmission line and the Sanaga gas project. Mr. Anye is an International Research Associate of the Center for Tropical Research, UCLA and San Francisco State University. He has a B.Sc. in zoology from the University Calabar, Nigeria and a M.Sc. in wildlife/ecology management from the University of Ibadan, Nigeria.

Ransford Arthur, Ghana Commercial Estate Manager

Ransford is an Agronomist with over 18 years of agricultural experience within Ghana, having previously served as the District/Deputy Regional Crop Services Officer. There, Mr. Ransford worked closely with the Crop Services Department, a division of the Ministry of Food & Agriculture, and oversaw tree crop nursery development and the Ghana Grains Development Project. At Herakles Farms, Mr. Arthur is in charge of all management and technical operations for SGSOG. Mr. Arthur graduated from the University of Reading, UK with a Master's of Science in Tropical Crop Production.

Yaw Ofori Lartey, Ghana Sustainability Manager

Yam has Master degrees in Forestry and Environmental Resource Management, and a Bachelor Degree in Agriculture. He currently oversees the implementation of sustainability best practices for SGSOG. His previous experience includes greenhouse gas and carbon accounting work with Michigan Technological University, as well as carbon dioxide analysis with U.S. Forest Service Free-Air Carbon Dioxide Enrichment (FACE). He has extensive experience in social and environmental management of West African agriculture projects having previously worked with Samartex Timber & Plywood Company in Ghana, where he oversaw environmental permitting, promoted sustainable plantation development, rehabilitated degraded land, conducted training programs for managers and supervisors and coordinated collaboration and engagement with the local communities.

Term / abbreviation	Explanation	
Fresh Fruit Bunches / FFB	Fresh fruit bunches are the unit of oil palm fruit produced by a tree each year and are typically quantified in tonnes per hectare. The FFB production is looked at as the key variable in productivity of a plantation and is dependent on management practices and climate.	
Crude Palm Oil / CPO	Crude Palm Oil is the main output from processing fresh fruit bunches. It is the oil which is produced from crushing the fruit during processing and then sold. Production is tracked in tonnes. This oil is used in residential cooking as well as industrial processes.	
Oil Extraction Rate / OER	The oil extraction rate refers to the amount of crude palm oil obtained out of the fresh fruit bunches. The extraction rate is calculated based on the weight of the CPO divided by the weight of the FFB. OER's can range anywhere from the high teens up beyond 30% in top performing companies.	•
Palm Kernel Oil / PKO	Palm Kernel Oil is a high quality oil produced by crushing the kernel of the palm fruit. Palm Kernel Oil is used in industrial processes (e.g. soap production). It is a much smaller output from the processing of FFB than crude palm oil. It's production is tracked in tonnes.	

Term / abbreviation	Explanation	
Palm Kernel Cake or Press cake / PKC	The kernel at the center of the oil palm fruit is edible even after processing. This waste product from processing can be collected and packaged to be sold as feed for animals. It is not a major output of palm oil plantations.	
Nursery	Oil palm trees must be cultivated in a nursery for at least 1 year prior to field planting. These nurseries hold over 12,000 plants per hectare and allow for close control over fertilizer, water, weeds, pests, and even sunlight	
Palm Oil Mill	Palm Oil Mills are the plants which take the Fresh Fruit Bunches and process them into Crude Palm Oil. The mills work on through mechanical pressing and are typically self contained; being powered off of waste products from the palms. Mill production is tracked on a tonnes of FFB per hour metric.	
Environmental and Social Impact Assessment / ESIA	An Environmental and Social Impact Assessment is an essential process that must be conducted prior to the development of Oil Palm plantations under international and national regulations. This assessment is to ensure that any development has a minimal negative impact on local populations and wildlife in the area. Any potential negative impacts must be identified and mitigated.	

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Establish the plantation site and legal permissions

1

Identifying the proper location to establish a plantation is demanding in time but not capital. All the right variables must be present for success. It includes:

- Identification of an appropriate land area
- Obtainment of government permits and local support
- Establishment of a seed supply and nursery

Develop the field and cultivate the palms

Development of the plantation has high upfront capital costs and sets the foundation for the productivity of the plantation for the next 30 years. It includes:

- Land clearing and preparation (drains, roads, terraces)
- Field planting of the palms including initial application of fertilizer
- Palm maintenance and cultivation in the field

Operate, process, and sell the outputs

3

Operation of the plantation has a steady, predictable cost which is low relative to revenues thus creating large cash flows during this period. It includes:

- Harvest of the fruit in the field as well as ongoing maintenance of the palms
- Processing of the fruit into CPO, PKO, and PKC at the mill
- Storage, sale, and distribution of the oil palm outputs

Appendix E – Oil Palm Development Process

1 Oil Palm development process: Establish the plantation

Identify optimal land area

Work with the government and communities

Establish and maintain the nursery

The specific land conditions are the critical factor for the success of an oil palm plantation. Companies must look at climate, soil, available water, local populations, logistical situation, and support infrastructure.

If the right key factors are identified for a specific land area, the support of the government and local communities can ensure the long term success of a project. Government incentives and local cooperation can dramatically improve execution and profitability.

The right material (aka oil palm seed) should be selected based on growing conditions. These oil palm seedlings must be cultivated in a nursery for at least 1 year prior to field planting. Nurseries hold over 12,000 plants and allow companies to control the inputs and avoid diseases, pests, and other risks.

Appendix E – Oil Palm Development Process

2 Oil Palm development process: Develop the Field and Palms

Prepare the land and infrastructure

Maintain the palms in the field

Land clearing and preparation is the major cost of plantation development. This includes not only the felling of trees, but also the establishment of roads, terraces, drainage ditches, and water retention pools. It also includes infrastructure such as housing and storage.

Once the land has been properly prepared, it is planted at a density specific to the planting material used. The placement of the palms is carefully mapped out using measuring wires and pegs to ensure equal and proper spacing. In the field the palms receive continued upkeep. This upkeep includes establishment of cover crops, weeding, fertilizing, and inspections for disease and pests.

Appendix E – Oil Palm Development Process

3 Oil Palm development process: Operate and process the fruit

Harvest the fresh fruit bunches

Oil palm trees take three to four years to mature enough to produce fruit. The tree will continually produce fruit throughout the year assuming it has the proper nutrients, water, and sunlight although production does ebb and flow based on local climate. Process the fruit into oil and press cake

Fruit is collected from the trees manually and loaded into trailers to be delivered to the mill. Mills mechanically crush the fruit to squeeze out all available CPO. Some mills also have the capability to capture oil from the kernel of the fruit to produce PKO. Efficient processing of the fruit ensures high quality oil. Store and distribute the oil and press cake

Palm oil is consumed globally both by individual consumers as well as corporations. The oil is either used directly as a food product or an input in things such as soaps, detergents, and perfumes. Depending on the target market the palm oil may be shipped globally or simply distributed locally.

Appendix F - Palm Industry Capital Markets

There are 70+ listed palm oil companies worldwide with a combined \$100 Billion capitalization The industry has a large and vibrant public and private market for transactions, providing pathway to eventual exit

Illustrative examples:

	Felda Holdings	 Malaysian Oil Palm company started in 2007 June 2012 Felda Holdings completed an IPO to raise \$3.1B Largest IPO in 2012 after Facebook valued the company at \$5.2B The company currently refines 547,000 MT of CPO a year and holds a land bank with 350,000 ha under management
Bumitama Agri Ltd	Bumitama Agri	 Indonesian Oil Palm company established in 1996 April 2012 Bumitama Agri launched an IPO to raise \$240 M The IPO valued the company at \$1.3B The company currently has 87,500 ha of planted palm under management
Asian Plantations	Asia Plantations Limited	 Malaysian Oil Palm company started in 2007 with 4,500 ha which has grown to 20,000 ha with 14,000 ha are planted Initial share price at 18p, rose to 75p in 2009 at public listing, at 265p by April 2012

MALAYSIA LISTED COMPARABLES

		Share	Market	Net	Enterprise		Total							
	Bloomberg	Price ^(a)	Сар	Debt	Value ^(b)	Principial Plantation	Planted ^(c)	Mature	Unplanted	EV/ Planted	EV/ Total Land	Prod. ^(d)	Production ^(e)	FFB Yield
Company Name	Ticker	(Local)	(Local)	(Local)	(US\$mn)	Location(s)	(Ha)	(Ha)	(Ha)	(US\$/ Ha)	(US\$/ Ha)	(FFB, Tonnes)	(PP, Tonnes)	(Tonnes/Ha)
Small/ Mid-size (<100,00	00Ha Mature)													
United Plantations ^(f)	UPL MK	RM 23.8	4,962	(582)	1,478	Malaysia & Indonesia	45,768	33,126	-	32,290	32,290	790,718	212,665	23.9
IJM Plantations ^(g)	IJMP MK	RM 3.4	2,752	(117)	925	Malaysia & Indonesia	38,805	24,837	-	29,734	23,844	575,210	183,670	23.7
Kwantas Corporation	KWAN MK	RM 2.5	770	595	490	Malaysia	17,051	16,302	9,883	28,743	18,196	334,281	118,076	20.5
Unico-Desa Plantations	UDP MK	RM 1.2	1,021	73	379	Malaysia	12,700	10,690	960	29,849	27,751	231,478	83,496	21.1
United Malacca	UMR MK	RM 7.1	1,439	(172)	447	Malaysia	19,066	14,289	5,214	23,451	18,415	254,915	68,523	17.7
						Mean:				28,814	24,099			21.4
						Median:				29,734	23,844			21.1
Large / Integrated														
Kuala Lumpur Kepong ^(h)	KLK MK	RM 23.5	25,005	398	8,554	Malaysia & Indonesia	207,947	165,015	22,466	41,135	37,124	3,288,974	N/A	22.2
New Britain Palm Oil ⁽ⁱ⁾	NPBO LN	£ 8.5	1,225	160	2,565	PNG & Solomon Islands	78,332	68,438	9,894	32,745	29,073	1,434,393	545,076	23.7
						Mean:				36,940	33,098			22.9

Notes:

(a) All figures based on market data and most recent financials as of Feb 24, 2012.

(b) Enterprise value is market capitalization plus total debt, deferred tax liabilities and minority interest, less cash and equivalents.

(c) Total planted area; may include both mature and immature land.

(d) FFB production excluding outgrowers.

(e) Palm products production including outgrowers (PP = CPO + PK).

(f) United Plantations has 40,855 Ha of land in Malaysia and 10,021 Ha in Indonesia.

(g) IJM Plantations has 25,199 Ha of planted oil palm in Malaysia and 13,606 Ha planted land in Indonesia. EV/Planted is for Malaysian planted land assuming Indonesia land is valued at \$9K per immature Ha and \$14K per mature Ha.

(h) KLK has 45% of plantation landbank in Malaysia and 55% in Indonesia. Planted land includes 20,930 Ha of rubber plantation.

(i) Includes oil palm land in PNG, New Ireland and Solomon Islands. Not including sugar cane & pasture land.

Exchange Rate: 1USD = 3.02RM

Herakles Farms – Contributing to a Sustainable Future

