Regulatory Story

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D1 Oils plc ("D1" or the "Company")

Proposed disposal of Jatropha plant science and technology subsidiaries

and Notice of General Meeting

The Board of D1 Oils plc today announces that it has entered into a conditional agreement to dispose of substantially all of its Jatropha plant science and technology activities, but excluding the animal feed programme, via the sale of the entire issued share capital of its two subsidiary companies, D1 Oils Plant Science Limited ("D1OPS") and Quinvita Limited ("Quinvita") (the "Disposal").

It is proposed that D1OPS and Quinvita be sold to companies owned by Henk Joos, Vincent Volckaert and Greta De Both (the "Purchasers"). As Henk Joos is a Director of D1 and Vincent Volckaert is a director of a subsidiary of D1, the Disposal is deemed to be a transaction with a related party for the purposes of rule 13 of the AIM Rules. Accordingly Henk Joos, although a Director, has taken no part in the deliberations of the Directors relating to the Disposal. Henk Joos will also resign as a Director on completion of the Disposal.

In view of the size of D1OPS and Quinvita relative to the Company, the transaction will amount to a disposal resulting in a fundamental change of business under rule 15 of the AIM Rules. It is a requirement of AIM rule 15 that any such disposal is conditional on the consent of shareholders at a general meeting. The Disposal is therefore conditional on the passing of an ordinary resolution of the Company. As Henk Joos is a Director of the Company, shareholder approval is also required pursuant to section 190 of the Companies Act 2006 as the Disposal will amount to a substantial property transaction with a director.

OPERATIONAL UPDATE

In the interim results to 30 June 2010, it was stated that D1 had continued to make progress in line with its operational plan. This progress has been maintained and the Board remains confident that the target of 2000 tonnes of crude Jatropha oil ("CJO") will be produced during the winter harvest season in India (November

2010 - February 2011).

D1 is currently experiencing demand for greater quantities of CJO than it is able to supply, and is achieving, on average, an ex works selling price of approximately $1,100 per tonne, compared to an average price of approximately $1,000 per tonne last winter. To further develop demand for CJO, D1 is negotiating trials and deals with various potential users.

In addition to increased selling prices, D1 also anticipates reducing the cost of supply. On the basis of long term tolling deals for existing expelling capacity, the Directors anticipate that the variable cost of producing CJO (net of biomass sales credits) will fall to approximately $700 per tonne this winter (approximately $850 per tonne last winter) and will fall to $350 per tonne by 2013, if the Directors determine to make the capital expenditure in seedcake processing referred to below.

The group now has a patent (which was granted by the UK Intellectual Property Office on 3 November 2020) covering a process for the co-extraction of oil and a protein-rich seedcake, with the anti-nutritional factor removed, which could be used as animal feed. The seedcake produced has a higher protein content than soya bean meal and the Directors believe that it should achieve at least price parity with soya bean meal, which typically is priced at around $300 per tonne. The Directors intend in due course to determine whether, and if so how, to finance the capital expenditure of up to £15 million required to deploy this technology within the Group, based on anticipated production levels in 2012/13.

FINANCIAL UPDATE

In the 12 months to 31 October 2010, the Company has utilised approximately £5.2 million of cash, which left it with a net balance of approximately £5.0 million as at 31 October 2010. Of this cash burn, approximately £1.0 million related to the costs associated with the protracted offer period, shareholder activism including the costs of board changes, and other corporate issues. A further sum of approximately £2.1 million was absorbed by losses incurred by the S&T (excluding animal feed) and business development activities over the same period. The sale of the Group's refining site at Bromborough in 2010 has realised £1.8 million to date. The balance of approximately £3.9 million was absorbed by net expenditure by the continuing business within the Group.

The Board forecasts that annualised overhead cash burn, following completion of the Disposal and various cost reduction exercises implemented by the Board, will amount to approximately £3.0 million in early 2011, with further smaller savings opportunities thereafter also identified. Central costs (mainly in Europe) are expected to account for around half of this figure, with approximately £0.5 million per annum expected to be spent on the animal feed programme.

The Board has recently discussed the financing, following completion of the Disposal, of the Company's business opportunities in 2011 and 2012 with its key institutional shareholders. In light of these discussions, the Board is optimistic, on the basis that the harvest which has already commenced in India is in-line with the Board's expectations, that the Company will be able to finance future value creation into the 2012 harvest season.

BACKGROUND TO THE DISPOSAL

On 25 November 2009, the Company released a Strategy Update setting out the core routes to value for the business to maximise shareholder value and the need for funding by late 2011 to achieve these goals. The three core routes to value were:

Operations	To realise value from existing planting with the objective of generating approximately £40 million per annum of oil/co-product sales by 2014
S&T activities	To boost existing yields through better agronomy practices and improved seed and to develop and commercialise the proprietary process of turning Jatropha seedcake into animal feed, with the intention of increasing the revenue potential of Jatropha by $1,400 / ha
Business Development	To achieve sufficient revenues from Agronomy Consultancy to cover the cost of the S&T activities, with the aim to achieve revenues in excess of Science & Technology spend by early 2011

Of these, the Operations and Business Development goals were short-term in nature, while the S&T activities goals were medium to long-term in nature.

While the business has continued to hit its milestones in relation to Operations and S&T, revenue from Agronomy Consultancy has been disappointing, and is not anticipated by the Directors to be sufficient to cover expenditure on S&T activities for the foreseeable future.

This shortfall in Agronomy Consultancy revenues means that, while the Group is anticipated to remain in funds until late 2011, its future cash requirement will be higher than anticipated in November 2009, unless offsetting cost savings can be achieved. The Board has therefore concluded that, alongside other cost saving measures, the business should change the way its ongoing research and development costs are managed and funded. The Board does believe that there is still value in the further exploitation of the S&T programme provided it can be separately funded. Current Jatropha research and development costs are estimated at approximately £1.5 million per annum.

As a consequence, the Board is proposing to dispose of the sections of the S&T operation that are aimed at improving agronomy practices, breeding and cultivar development and the related business development division, i.e. the S&T activities. In the 12 months ended 31 October 2010, the S&T activities incurred losses of approximately £2.1 million, on turnover of approximately £0.3 million. At the end of that period, the S&T activities had net assets (excluding cash) at book value of approximately £0.1 million.

D1 has therefore entered into, subject to shareholder approval, the Disposal Agreement and a number of related agreements to maintain a working relationship with D1OPS and Quinvita, such that D1 can continue to benefit from agronomy knowledge and improved seed technologies through a stream of royalty payments.

The Board believes that the alternative of an orderly winding up of these activities would cost at least £1.1 million and would create challenges for the Company to access comparable know-how. In addition, had the Board resolved to proceed with an orderly winding up of the S&T activities, the Company would have been precluded from benefitting from any future royalty streams and from repayment of the redeemable preference shares, referred to below.

The terms of the transaction and the Independent Directors' rationale for their recommendation to Shareholders to vote in favour of the Disposal are set out below.

PRINCIPAL TERMS OF THE DISPOSAL

Under the terms of the Disposal Agreement, which is conditional upon passing of an ordinary resolution by shareholders, the Company will dispose of its shares in D1OPS to Quinvita (a newly incorporated holding company for the D1OPS Group), which shall subsequently be sold to the Purchasers. As such, on completion of the Disposal, Quinvita will assume the agronomy and breeding activities of the Group in Belgium, the Netherlands, Cape Verde, Thailand, Malawi and selected activities in India. D1 will give customary non-compete undertakings in relation to the S&T activities.

In consideration for the purchase of D1OPS, Quinvita has agreed to issue £800,000 in nominal value of redeemable preference shares to the Company. The redeemable preference shares are redeemable by 1 November 2015. A cumulative annual compounded dividend of 5 per cent is payable by no later than 1 November 2015 based on the outstanding par value of the redeemable preference shares.

The redeemable preference shares will also become redeemable, in the event there is a change of control in either the voting rights or shareholding of Quinvita. On a change of control, in addition to redemption of the redeemable preference shares, Quinvita will also pay D1 two times the aggregate par value of the redeemable preference shares.

In the event of an equity fundraising which results in a third party holding more than 50 per cent of the shares in Quinvita, but (inter alia) total funds raised are less than £15 million, Quinvita will redeem a part or all of the redeemable preference shares; at least 50 per cent of the outstanding redeemable preference shares (including the accrued dividends) in the case of a £5 million fundraising, 75 per cent of the same where £10 million is raised, 100 per cent in the case of a £15 million fundraising and pro rata for any amount in between.

In exchange for the issue of the redeemable preference shares, the Company will provide Quinvita with £800,000 of working capital payable in cash. This will include the cash balances of D1OPS, amounting to £653,685. This working capital contribution is subject to adjustment for certain costs and liabilities that are or may become payable between the parties to the Disposal Agreement.

The Company will also in due course transfer its S&T activities in India (the "Indian Business") to a newly incorporated subsidiary of Quinvita. In consideration for the transfer of this business, the Company will be paid an amount equal to the market value of the Indian Business on the date on which the transfer is completed and becomes effective in accordance with applicable Indian law. However, the economic transfer of the Indian Business shall become effective from 1 November 2010.

In addition, D1 will receive royalties on all Jatropha revenues generated by Quinvita at rates of:

- 15 per cent for years 0 to 5 of the Agreement;
- 10 per cent for years 6 to 8 of the Agreement; and
- 5 per cent for years for years 9 to 10 of the Agreement.

D1 will retain all plantation operations, animal feed activities and central functions in the UK, India, Zambia and Indonesia. It will also retain and continue to exit in various locations where it has shut down operations in the past. Additionally, D1 will retain ownership of all intellectual property which has been developed across the Group up until the date of the Disposal, where this intellectual property is used by D1's retained businesses.

In addition, D1 will retain the animal feed programme including all associated tangible assets and intellectual property. Quinvita will be exclusively licensed to sub-license the use of the animal feed technology globally, subject to D1 retaining the right to use the technology for its own business purposes (including for purposes of D1 building and operating its own animal feed extraction plants). Quinvita's licence will last for a period of 15 years after the first extraction plant becomes operational, or until 31 December 2027 (whichever is earlier). The sub-licences that Quinvita grants to third parties will themselves be valid for up to 20 years. Quinvita will pay D1 a royalty on all sub-licensing revenue received by Quinvita at the rate of 20 per cent for the first 5 years of each sub-licence and 15 per cent thereafter.

D1 will join Quinvita's membership platforms for a minimum of three years (subject to certain conditions) to maintain access to agronomy knowledge developments and new seed varieties developed in the future by Quinvita. D1 will also be able to purchase seeds from Quinvita at preferential rates.

In order to secure funding for continued research, D1OPS (in conjunction with Agriom BV, D1OPS' partner in the proposed project) successfully submitted a proposal to the Dutch government for a grant of up to £200,000 in relation to a project in Cape Verde for the selection and production of superior Jatropha curcas seed. The Group supported this application by providing an indemnity and certain security in favour of Agriom BV (the "Agriverde Guarantee"). In return for keeping the Agriverde Guarantee in place following the Disposal, Quinvita has agreed to provide its platform services at no cost for a period of 18 months following completion of the Disposal or (if earlier) until the Agriverde Guarantee ceases to be a contingent liability of D1. However, in the event the Agriverde Guarantee is enforced and the Group suffers or incurs any loss or liability, Quinvita shall issue to the Company an additional number of Redeemable Preference Shares at par as is equivalent in value to the loss or liability so incurred.

RELATED PARTY TRANSACTION

Henk Joos and his wholly owned company Agristeps BVBA, are "related parties" of the Company as defined in the AIM Rules by virtue of him being a Director. Similarly, Vincent Volckaert and his connected company Vivoria BVBA are "related parties" for these purposes as he is a director of a subsidiary of the Company.

Barclay Forrest and Martin Jarvis, being the Independent Directors who are not related parties for the purposes of the Disposal, consider, having consulted with WH Ireland, that the Disposal is fair and reasonable insofar as the shareholders of the Company are concerned.

Henk Joos has not taken part in the Board's consideration of the Disposal, and has irrevocably undertaken to abstain from voting on the Resolution in respect of his own shareholding in the Company.

CIRCULAR TO SHAREHOLDERS

A circular to shareholders relating to the matters described herein is being posted today.

Martin Jarvis, Chief Executive Officer of D1 Oils plc said: "This disposal completes the strategic review of the business. We feel that it is in the best interests of our shareholders and it allows us continued access to the latest plant science and technology research"

Dr. Henk Joos, the appointed Chief Executive Officer of QUINVITA, said: "We look forward to supporting the new wave of investment in Jatropha that we are starting to observe, with professional advice and QUINVITA products".

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