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Dekeloil Public Limited
24 May 2016

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DekelOil Public Limited
('DekelOil' or the 'Company')

Acquisition of approximately c. 30.5% stake in CS DekelOil Siva Limited,
Proposed Placing of 834,736,160 Ordinary Shares,
at 1.325 pence per share to raise £11.1 million,
Proposed Share Consolidation,
Directors' Dealing
and Notice of General Meeting

Highlights

· Acquisition of approximately 30.5% stake in CS DekelOil Siva Limited, the Company's majority owned joint venture in the producing palm oil project at Ayenouan

· Transaction increases DekelOil's interest in Ayenouan to 81.5% and is earnings enhancing for Shareholders

· By securing a greater proportion of Ayenouan's growing revenues and cash flows, the acquisition has the potential to accelerate the roll out of the Company's strategy to build a leading West African palm oil producer

· Acquisition to be funded via a proposed capital raise of £10.8 million by way of placing of New Ordinary Shares to institutional and other investors at a premium of 1.9% to the closing share price on 23 May 2016

· Proposed 10 for 1 Share Consolidation

DekelOil Public Limited, operator and 51% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire (the "Project"), is pleased to announce, subject to, *inter alia*, Shareholder approval, a fundraise of £10.8 million before expenses through a proposed placing with institutional and other investors of 812,094,680 ordinary shares of €0.00003367 each at a price of 1.325 pence per share, representing a premium of 1.9 per cent. to the closing share price on 23 May 2016 (being the latest practicable date prior to the announcement of the Placing). Net proceeds of £10.1 million are intended to be used to fund the proposed acquisition of approximately 30.5 per cent. of the entire issued share capital of CS DekelOil Siva Limited ("CSDS" or the "Ayenouan Project"), the Company's majority owned joint venture with Biopalm Energy Limited and for working capital purposes. Following the Acquisition, DekelOil will own approximately 81.5 per cent. of the Ayenouan Project. DekelOil will retain the option to acquire the approximate remaining 18.5 per cent. stake in CSDS within six months of the First Option exercise.

In addition Cantor Fitzgerald Europe will be conditionally placing the 22,641,480 Sale Shares at the Issue Price as agent for Yehoshua Shai Kol.

Completion of the Placing and Acquisition are conditional upon, *inter alia*, passing of Resolution 1 by Shareholders at the General Meeting, notice of which is expected to be sent to Shareholders later today (the "Circular"). The Circular, extracts of which are set out below, will provide details of, and the background to the Proposals and set out the reasons why the Board believes that the Proposals are in the best interests of the Company and its Shareholders. If the Resolutions are passed, the Placing Shares will be allotted after the General Meeting and Admission of the Placing Shares is expected to occur at 8.00 a.m. on 17 June 2016. The Placing is not underwritten.

The Company also proposes that all of the Company's existing ordinary shares of €0.00003367 ("Existing Ordinary Shares") are consolidated on a 10 for 1 basis into new ordinary shares of €0.0003367 ("New Ordinary Shares") (the "Share Consolidation"). The Share Consolidation is expected to become effective on 21 June 2016.

Copies of the Circular will be available shortly on the Company's website (**www.dekeloil.com**) and will be available, free of charge, at the offices of Cantor Fitzgerald Europe, One Churchill Place, Canary Wharf, London E14 5RB during normal business hours on any weekday (public holidays excepted) up to and including 30 June 2016. Unless otherwise defined in this announcement, capitalised terms in this announcement have the meanings given to them in the Circular.

Directors' Dealing

Tutalon Investments Limited (a related party of Youval Rasin) will subscribe for 75,471,600 Placing Shares at the Issue Price. By virtue of the voting control exercised by Youval Rasin over Tutalon Investments Limited, the subscription is classified as a related party transaction pursuant to the AIM Rules for Companies. Following the Placing (but before the Share Consolidation), Youval Rasin will control in aggregate 479,645,141 Existing Ordinary Shares, representing approximately 20.4 per cent. of the Pre-Consolidation Share Capital.

The Independent Directors, having consulted with Cantor Fitzgerald Europe as the Company's nominated adviser, consider that the terms of this related party transaction are fair and reasonable insofar as the Shareholders are concerned.

Yehoshua Shai Kol is selling 22,641,480 Sale Shares in connection with the Placing, and following the Placing (but before the Share Consolidation), Yehoshua Shai Kol will hold 110,265,258 Existing Ordinary Shares, representing approximately 4.7 per cent. of the Pre-Consolidation Share Capital.

Lincoln Moore, Executive Director of DekelOil, commented:

"The opportunity to add to our 51% interest in the vertically integrated palm oil project at Ayenouan was one we could not let pass, subject to securing a deal on acceptable terms for shareholders. We believe we have achieved this and in our view the support we have received from both existing and new shareholders shows we are not alone. As our recent full year results demonstrated, Ayenouan has the potential to be both highly cash generative and profitable for many years to come: in the first full year of operations, the 60 tonnes per hour extraction mill produced 35,000 tonnes of CPO, which generated revenues of €23.4 million and EBITDA of €3.7 million net to DekelOil. With a capacity to produce 70,000 tonnes of palm oil per annum, there is room to double CPO production. Combined with our recently commissioned kernel crushing plant, which is already producing value-add products, production at Ayenouan is on course to significantly increase going forward.

"We are therefore delighted to have agreed the two stage transaction announced today, the first of which will see DekelOil increase its stake in Ayenouan to approximately 81.5%. At 1.325 pence per share, we believe that the transaction will be earnings enhancing from day one. This is an exciting period for DekelOil and I look forward to providing further updates on our progress."

A copy of this announcement will be published, subject to certain restrictions relating to persons resident in restricted jurisdictions, on DekelOil's website at www.dekeloil.com. For the avoidance of doubt, neither the content of the Company's website nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of securities in the Company.

This announcement is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of FSMA. The Placing Shares are in any event being placed only with (i) persons who have professional experience in matters relating to investments and who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom (the "Financial Promotion Order") or (ii) persons who fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons. Anyone other than a relevant person must not rely on this announcement.

Cantor Fitzgerald Europe is acting as Nominated Adviser and Broker to the Company in relation to the Proposals. Cantor Fitzgerald Europe, which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no one else in relation to the Placing. Cantor Fitzgerald Europe will not be responsible to any other person for providing the protections afforded to its clients nor for advising any other person in connection with the matters contained in this announcement.

This announcement has been issued by, and is the sole responsibility of, the Company. Cantor Fitzgerald Europe has not authorised the contents of any part of this announcement and no representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Cantor Fitzgerald Europe, or by any of its respective affiliates or agents, as to or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to any interested party, and any liability therefore is expressly disclaimed.

All statements in this announcement other than statements of historical fact are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements may be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the announcement and include statements regarding the intentions, beliefs or current expectations of the Company and/or Directors concerning, among other things, the trading performance, results of operations, financial condition, liquidity, prospects and dividend policy of the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, result of operations, financial condition, liquidity and dividend policy may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the performance, results of statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally; changes in interest rates and currency fluctuations; impairments in the value of the Company's assets; legislative/regulatory changes; changes in taxation regimes; the availability and cost of capital for future expenditure; the availability of suitable financing; the ability of the Group to retain and attract suitably experienced personnel and competition within the industry. Prospective investors should specifically consider the factors identified in this announcement which could cause actual results to differ before making an investment decision.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia).

The Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold or transferred, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of securities in the United States.

For further information please visit the Company's website **www.dekeloil.com** or contact:

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Notes:

DekelOil Public Limited is a low cost producer of palm oil in West Africa, which it is focused on rapidly expanding. To this end, it has a 51% interest in one of the largest oil processing mills based in Côte d'Ivoire, which has a capacity of 70,000 tons of CPO. Feedstock for the Mill comes from several co-operatives and thousands of smallholders, however it also has nearly 1,900 hectares of its own plantations. Furthermore, it has a world-class nursery with a 1 million seedlings a year capacity.

Extracts from the Circular:

EXPECTED TIMETABLE OF EVENTS

Announcement and posting of this document	24 May 2016
Latest time for receipt of Forms of Instruction	12 noon on 13 June 2016
Latest time for receipt of Forms of Proxy	12 noon on 14 June 2016
General Meeting	12 noon on 16 June 2016
Admission and commencement of dealings in the Placing Shares expected to commence on AIM	8.00 a.m. on 17 June 2016
CREST accounts expected to be credited	17 June 2016
Record date for Share Consolidation	20 June 2016
Share Consolidation becomes effective and dealing in the Enlarged Share Capital commences	21 June 2016
Definitive share certificates to be dispatched by	8 July 2016

1. *Each of the times and dates above are indicative only and are subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.*
2. *All of the above times refer to London time unless otherwise stated. Admission and the commencement of dealings in the Placing Shares and New Ordinary Shares are conditional on, inter alia, the passing of Resolution 1 at the General Meeting.*

ADMISSION AND PLACING STATISTICS

Total number of Existing Ordinary Shares	
Number of Placing Shares	
Number of Sale Shares	
Placing Shares as a percentage of the Pre-Consolidation Share Capital	
Issue Price	
Number of Existing Ordinary Shares in issue after Admission but before the Share Consolidation**	
Enlarged Share Capital*	
Gross proceeds of the Placing***	
Net proceeds of the Placing attributable to the Company	
Market capitalisation of the Company on Admission at the Issue Price	
ISIN of the Existing Ordinary Shares	CY0103462210
SEDOL of the Existing Ordinary Shares	
ISIN of the New Ordinary Shares*	CY0106502111
SEDOL of the New Ordinary Shares*	

**assuming the resolution relating to the Share Consolidation is approved by Shareholders at the General Meeting*
***assuming no new Existing Ordinary Shares are issued prior to the date of the General Meeting*
****excluding the proceeds from the placing of the Sale Shares*

1 Introduction

The Company has announced today that it is proposing to raise £10.8 million (before the deduction of fees and expenses) through a Placing comprising the issue of 812,094,680 Placing Shares at 1.325 pence per Placing Share and intends to acquire approximately 30.5 per cent. of the issued share capital of CSDS, its majority owned joint venture with Biopalm Energy Ltd. Under the terms of the Option Agreement and at a GBP to Euro foreign currency exchange rate of €1.29307, the Directors expect to acquire approximately 30.5 per cent. stake in CSDS will be acquired for approximately €13.1 million in cash.

In addition Cantor Fitzgerald Europe will be conditionally placing the Sale Shares at the Issue Price as agent for Yehoshua Shai Kol.

Each of the Acquisition and Placing are conditional, *inter alia*, on the passing of Resolution 1 at the General Meeting, Admission becoming effective by no later than 8.00 a.m. on 17 June 2016 (or such other time and/or date, being no later than 30 June 2016, as the Company and Cantor Fitzgerald Europe may agree) and the Placing Agreement becoming unconditional and not being terminated prior to Admission (in accordance with its terms). It is expected that the Placing Shares will be admitted to trading on AIM on or around 8.00 a.m. on 17 June 2016.

The Board believes that raising equity finance by the Placing is the most appropriate method of financing for the Company at this time. This allows both existing and new institutional investors to be targeted and to participate in the Placing to finance the consideration for the Acquisition. The Board believes that the Proposals will allow Shareholders and the Placees to benefit from the Company's expected organic growth and potential increased profitability. The Directors also believe that the increase in market capitalisation of the Company and the introduction of new institutional investors pursuant to the Placing will benefit the Company and the Shareholders (as a whole).

In addition, the Board of DekelOil are also proposing to reorganise the Company's share capital by way of a share consolidation which is subject to Shareholder approval.

The Board considers the Placing 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, as they have irrevocably undertaken to do so in respect of their own beneficial holdings of Ordinary Shares, in aggregate representing approximately 35.7 per cent. of DekelOil's issued share capital as at the date of this document.

2 Background to and reasons for the Placing and Acquisition

The Ayenouan Project

DekelOil's long stated strategy is to build a major, asset-backed West African palm oil company. Significant progress has been made over recent years, and the past twelve months in particular have seen significant operational and financial progress made by the Company with its operating plant at Ayenouan.

Initially established in 2008, when DekelOil signed a 90 year lease for 42 ha of land situated in Ayenouan, the Company's 60 ton per hour operating plant, its plantations and its nursery are all now fully operational and being brought up to full capacity. The initial funding for the Ayenouan Project was partially provided by Biopalm Energy in 2010 at the project level with an investment of €8.3 million. Since DekelOil's admission to AIM in 2013, further funds were raised in 2014 at the Company level to fund the further expansion of the Ayenouan Project through investment into logistics hubs, a palm kernel crushing plant and further plantings which now benefit the operations of the Company and its returns for shareholders. With significant progress in the operational results of the Company, as set out in the Company's results to 31 December 2015 and in the Q1 production update made on 5 April 2016, the Board now believe that it is time to buy back the Biopalm Stake to ensure that the Shareholders fully benefit from the continuing operational progress being made at the Ayenouan Project. The Ayenouan Project benefits from a thirteen year Côte d'Ivoire tax exemption.

The Company employs over 300 local staff and has been a member of the RSPO since 2008 and has been working to attain RSPO accreditation with Proforest Limited, an internationally recognised consultant, which has assisted with the implementation of social and environmental programmes initiated by the Company. The Directors expect that this certification will be received later this year and that the Company will then become the first RSPO certified producer of CPO in Côte d'Ivoire. Almost all of the CPO produced by the Company is sold domestically.

Joint Venture with Biopalm Energy Limited

In June 2010, the Company entered into a strategic joint venture with Biopalm Energy Limited. The joint venture resulted in Biopalm Energy and the Company establishing a joint venture company - CS DekelOil Siva Ltd, incorporated in Cyprus, in respect of which Biopalm Energy subscribed for 49 per cent. of the issued shares of CSDS in consideration of subscription proceeds of €5 million and the issue of a €3.3 million capital note by Biopalm Energy.

Refinancing

Since the joint venture agreement was signed, the Ayenouan Project has transformed into a revenue generative, profitable vertically integrated palm oil project. Having reached this milestone, DekelOil has since implemented a strategy to strengthen its financial position and reduce interest expense, which began in the last six months as two debt refinancings were implemented, which have reduced the liabilities of the Company and also reduced the ongoing cost of debt financing to the Ayenouan Project.

In 2015, the Company cancelled a €5.1 million capital note owed to Biopalm Energy which had accrued interest at 10 per cent. per annum and ranked above that of future dividends to ordinary shareholders. Concurrently, DekelOil agreed to waive Biopalm Energy's outstanding equity contribution of €1.1 million to the Ayenouan Project.

DekelOil announced a further refinancing in March 2016, securing a new seven year €9.15 million loan with a 7 per cent. annual coupon, replacing an €8.69 million loan with an interest rate of 10.5 per cent. This refinancing secured annual savings of approximately €270,000 per annum in interest costs, further improving profitability and free cashflow.

On 25 April 2016, the Company announced that it had obtained a credit rating of A- on short term loans and BBB- on long term loans from Bloomfield Investment Corporation, an African focused credit rating agency. The credit rating was assessed on the basis of DekelOil's 2014 results. DekelOil has been informed by Sogebourse CI, a subsidiary of Société Générale S.A., that this credit rating is sufficient to execute an investment grade senior debt refinance of the Company's existing €6.9 million senior debt with the West African Development Bank, which carries an annual interest rate of 10.5 per cent. The Board believe that any refinancing to be undertaken would be on terms more favourable to the Company than those of its current debt facilities.

The Company is in the process of upgrading the credit rating assigned by Bloomfield, which is expected to significantly improve as it will be based on the recently released 2015 final results with a 134 per cent. increase in full year revenue to €23.4 million.

The Option Agreement

On 3 December 2015, the Company entered in to the Option Agreement pursuant to which Biopalm Energy agreed to grant the Company an option to acquire up to 980 ordinary shares of £1 each in the share capital of CSDS for a total consideration of €20,999,999.30. If exercised in full, it would enable the Company to acquire 49 per cent. of the issued share capital of CSDS.

The option to acquire the Biopalm Stake has been granted in two tranches under the Option Agreement, namely, the First Option and the Second Option.

The First Option may be exercised at any time by the Company after the date of the Option Agreement and up until the expiry of a 30 day notice provided by Biopalm to the Company that the First Option will lapse. In the event that the First Option is not exercised prior to the expiry of such 30 days in accordance with the terms of the Option Agreement, then it will lapse. The Company has received a communication from Biopalm Energy which purports that the First Option shall lapse on 1 June 2016. The Company intends to exercise the First Option before it lapses. Following the exercise of the First Option, First Option Completion should occur within 45 business days from the date of the exercise notice, however the Directors expect that this will take place earlier.

The Second Option may only be exercised on or after the First Option Completion and in any event within six months of the First Option Completion. If the Second Option is not exercised on or before such date, it will lapse. The purchase price for each of the Second Option Shares is €21,428.57 per share.

The First Option represents the right of the Company to acquire 24.5 per cent. of the entire issued share capital of CSDS held by Biopalm Energy for a total consideration of €10,500,000. The First Option must be exercised in full, if at all. Under the terms of the Option Agreement, at the First Option Completion, Biopalm Energy will also transfer 100 ordinary shares that it holds in DekelOil CI SA, a Côte d'Ivoire subsidiary of CSDS, to the Company. Following the transfer, CSDS will hold 100 per cent. of the issued share capital of DekelOil CI SA.

If, upon the expiry of the Second Option, there are unexercised Second Option Shares, Biopalm Energy has the option to convert such unexercised Second Option Shares in CSDS to shares in the Company within ten business days of the expiry of the Second Option in accordance with the terms of the Option Agreement. The number of shares in the Company to be granted to Biopalm Energy pursuant to such conversion shall be calculated by reference to the higher of:

- the Company's average trading price for the 3 month period prior to the expiry of the Second Option; or

- the Company's share price at the date of exercise of the First Option,

and rounded off to the nearest whole number.

In addition, in the event that Biopalm Energy receives shares in the Company in accordance with such conversion, it has agreed to certain orderly market restrictions.

The Acquisition

DekelOil has achieved its ambition to transform into a fully operational, efficient and profitable palm oil company with a streamlined balance sheet and growing CPO production. By acquiring approximately 30.5 per cent of the Biopalm Stake in CSDS, the Company will capitalise on its achievements to date and further consolidate its interest in the Ayenouan Project. The Acquisition will provide shareholders with an increased benefit of the growing Ayenouan Project by retaining a greater portion of future earnings for the benefit of DekelOil shareholders, particularly if CPO prices improve as the Directors expect.

The Directors believe that, after commissioning the Palm Kernel Crushing Plant in 2015, the first full year sales of PKO and palm kernel cake will significantly contribute to the full year revenue and EBITDA in 2016 and that the transaction will be earnings enhancing. In addition the Board continues to consider the Company's ability to further develop its Guitry site, to evaluate other opportunities in Côte d'Ivoire and bordering countries, and continues to contemplate means of enhancing the existing Mill on a case by case basis.

As part of the Proposals and specifically in relation to the Acquisition, the Company intends to exercise its First Option to acquire 24.5 per cent. of the issued share capital of CSDS and expects to acquire, approximately, a further 6 per cent. of CSDS by way of a partial exercise of the Second Option. In total, following the Acquisition, DekelOil expects to hold approximately 81.5 per cent. of the issued share capital of CSDS.

The Directors also believe that the increase in market capitalisation of the Company and the introduction of new institutional investors through the Placing will be of benefit to the Company and its Shareholders.

3 Financial information on the Group for the year ended 31 December 2015

The Company reported its audited financial results for the year ended 31 December 2015 on 14 April 2015, the highlights of which were:

- Record full year production of 35,770 (2014: 14,242) tonnes of crude palm oil and 6,221 (2014: 2,504) tonnes of kernels at the Company's 70,000 tonnes per annum Mill - representing a 151 per cent. increase on the CPO tonnages produced for the full year of 2014
- 134 per cent. increase in revenues to €23.4 million (2014: €10 million) and EBITDA of €3.7 million compared to a 2014 loss of €0.4m; derived from selling 35,573 tonnes of CPO and 4,806 tonnes of kernel (2014: 13,900 tonnes and 2,444 tonnes respectively)
- Strengthened balance sheet via offset agreement signed with joint venture partner, Biopalm Energy Ltd which reduces the Company's debt position by €5.1m
- Strong progress being made to establish the Company as the first Roundtable for Sustainable Palm Oil certified, fully functioning producer of CPO in Côte d'Ivoire

DekelOil Executive Director Lincoln Moore said, "2015 saw DekelOil deliver on our promise to add significant value to our West African palm oil operation. The strength of our revenues and EBITDA for the year and the record Q1 2016 production figures reported recently from our 60 t/hour extraction mill, highlight the efficacy of our activities. Operationally, we have seen a significant increase in feedstock we have received from smallholders, which demonstrates DekelOil's standing as a responsible and reliable processing company in the region. We have also recently delivered our first full quarter of production from our new KCP, which will play a strong role in building further value in our business during 2016. In tandem with reinforcing our business from an operational perspective, our debt re-financing has strengthened our balance sheet, which will help with our objective to implement a dividend policy in the future."

4 Current trading

The Company made the following announcement on 5 April 2016 by way of a Production Update in respect of quarter one 2016:

"DekelOil Public Limited, operator and 51% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire, is pleased to announce that crude palm oil ('CPO') production for the quarter ended 31 March 2016 has materially exceeded management's expectations and has increased significantly in comparison to the corresponding period in 2015.

CPO production is delivered via the Mill, which is one of West Africa's largest, and production of Palm Kernel Oil ('PKO') and Palm Kernel Cake ('PKC') is delivered via its 60 t/ day Kernel Crushing Plant ('KCP') which was commissioned in November 2015, providing DekelOil with an additional revenue stream.

CPO Production:

- 15,141 tonnes of CPO produced in Q1 2016:
- 56.4% like-for-like increase in CPO production compared to Q1 2015
- Production increased month on month during Q1 2016 with production records set in February and March 2016
- January 2016 - 3,073 tonnes of CPO produced (January 2015: 2,168 tonnes)
- February 2016 - 5,733 tonnes of CPO produced (February 2015: 3,158 tonnes)
- March 2016 - 6,335 tonnes of CPO produced (March 2015: 4,352 tonnes)
- 65,610 tonnes of fresh fruit bunches ('FFBs') delivered to the Mill in Q1 2016 compared to 40,448 tonnes in Q1 2015 - demonstrates DekelOil's strengthened regional position and heightened relationships with the local farming community, as well as the effectiveness of the Company's logistics network
- CPO extracted at a rate of 23.1 % during the period

- 12,082 tonnes of CPO were sold during the period at an average price of €532 per tonne. CPO prices have increased considerably during the quarter with early sales in April taking place at a price approximately 10% higher than the average for Q1 2016

- Gross margins, particularly in February and March have increased considerably compared to 2015

PKO and PKC Production:

· Successfully produced 983 tonnes of PKO and 1,355 tonnes of PKC during the KCP's first full quarter of operations

· PKO extraction rate of 39.9%, representing an uplift from the previous period as production ramps up

· 851 tonnes of PKO sold at an average price per tonne of €753 and 1,014 tonnes of PKC sold at an average price per tonne of €43

DekelOil Executive Director Lincoln Moore said, "The delivery of 15,141 tonnes of CPO during the quarter represents a record for DekelOil and materially exceeds both internal and external expectations. We are delighted that we have increased CPO production by 56% compared to the equivalent period in 2015, and we remain firmly on track to deliver another year of significant production growth at the Mill in 2016. By accommodating the requirements of local smallholders and by making our Mill easy to access via the development of logistics hubs, we have ensured that DekelOil's regional reputation is that of a highly professional and reliable operator, and this is paying dividends as more farmers bring their FFB to us, establishing the Company as a credible player in the market place.

"Our revenues and margins are also being impacted positively this quarter thanks to the increase in production together with the successful ramp up of operations at the KCP which allows us to sell PKO and PKC, both of which are value add products. Having recently re-financed our debt on more attractive terms, and with production going from strength to strength, DekelOil has never been in a better position, both operationally and financially.

"We believe there remain significant opportunities for growth in 2016 and beyond from the continued increase in our production, together with a continual improvement of our processes and efficiencies for dealing with the substantial increase in FFB volumes, particularly in an environment with rising prices for CPO. We are very excited with the further step up our operations have made in Q1 2016 and I look forward to providing further updates on our progress."

5 Reasons for the Placing and use of proceeds

Pursuant to the Placing, both the 812,094,680 Placing Shares and the 22,641,480 Sale Shares have been conditionally placed with new and existing investors at the Issue Price. The Company is therefore proposing to raise a total of £10.8 million (before deduction of fees and expenses) from the Placing. The Placing is considered by the Directors to be in the best interests of Shareholders as it will enable the Company to pursue its stated strategy more effectively. The intended uses of the Gross Proceeds are set out below, though the final percentage ownership beyond 75.5 per cent. will depend upon the prevailing Euro to GBP foreign currency exchange rate at the date of the completion of the Acquisition:

	£m
Acquisition of approximately 30.5 per cent. of CSDS (including fees payable to the Broker)	10.7
Working Capital and expenses	0.1
Gross Proceeds	10.8

The Placing will raise net proceeds equivalent to the cash consideration payable for the acquisition of approximately 30.5 per cent. of CSDS and the remainder of the proceeds will be used for working capital purposes. As a result, DekelOil will both strengthen its balance sheet and preserve its existing free cash resources. The Placing will enable the Company to commit further capital over the next 12 months towards the delivery of its growth strategy described above.

The Board expects the combined effect of the Acquisition and the Placing to be earnings enhancing in the 2016 financial year.

6 Details of the Share Consolidation

As at the date of this document, the Company has 1,543,826,860 Existing Ordinary Shares in issue. The Company is proposing to reorganise its share capital by way of a share consolidation. Under the Share Consolidation, which is expected to take place after close of business on the Share Consolidation Date, it is proposed that the Existing Ordinary Shares will be consolidated so that every 10 Existing Ordinary Shares will be consolidated into one New Ordinary Share.

Shareholders with a holding of Existing Ordinary Shares which is not exactly divisible by 10 will have their holdings rounded down to the nearest whole number of Ordinary Shares. Holders of fewer than 10 Existing Ordinary Shares will not be entitled to receive any New Ordinary Shares following the Share Consolidation.

No Shareholder will be entitled to a fraction of a New Ordinary Share. Any fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market and the net proceeds will be retained for the benefit of the Company.

The Board believes that the consolidation of share capital will result in a more appropriate number of shares in issue for a company of DekelOil's size in the UK market. The Share Consolidation may also help to make the New Ordinary Shares more attractive to investors and may result in a narrowing of the bid/offer spread, thereby improving liquidity while also lowering price volatility.

Immediately following the implementation of the Share Consolidation on the Share Consolidation Date, Shareholders will still hold the same proportion of the Company's ordinary share capital as before the Share Consolidation (save in respect of the fractional entitlements). Other than a change in nominal value, the New Ordinary Shares will carry equivalent rights under the Company's articles of association to the Existing Ordinary Shares.

All entitlements under outstanding share options shall be recalculated accordingly as a result of the Share Consolidation with entitlements rounded down to the nearest whole share.

All Placing Shares will be allotted prior to the Share Consolidation therefore assuming that the resolution to approve the Share Consolidation is passed by Shareholders at the General Meeting, the number of Placing Shares held by Placees will be consolidated on the same basis as the Existing Ordinary Shares as described above.

Approval for the Share Consolidation will be sought by the passing of Resolution 2 at the General Meeting.

Following the Share Consolidation, replacement share certificates will be despatched by first class post to Shareholders in respect of newly denominated New Ordinary Shares held in certificated form. Share certificates in respect of New Ordinary Shares are expected to be despatched within 14 days of the Share Consolidation Date. All share certificates previously issued will no longer be valid and should be destroyed.

In respect of Existing Ordinary Shares held in uncertificated form, CREST accounts will be credited with the newly denominated Depositary Interests on the Share Consolidation Date.

7 Details of the Placing

It was announced on 24 May 2016 that the Company proposes to raise, in aggregate, £10.8 million (approximately £10.1 million net of expenses) by way of a placing of 812,094,680 Placing Shares with certain new and existing institutional investors, at an issue price of 1.325 pence per share. Cantor Fitzgerald Europe has conditionally placed all of the Placing Shares pursuant to the Placing Agreement.

Cantor Fitzgerald Europe has also, as agent for Yehoshua Shai Kol, placed the Sale Shares at the Issue Price with certain new and existing institutional investors.

The issue price of 1.325 pence per share represents a premium of 1.9 per cent. to the closing price of 1.3 pence on 23 May 2016, being the last Business Day prior to the announcement of the Placing. The Board unanimously agrees that the level of premium and method of issue are appropriate to secure the investment necessary in order to undertake the Acquisition.

In connection with the Placing, the Company and Yehoshua Shai Kol has entered into the Placing Agreement with Cantor Fitzgerald Europe pursuant to which Cantor Fitzgerald Europe has agreed to use reasonable endeavours, in accordance with its terms, to procure placees for the Placing Shares and the Sale Shares at the Issue Price and has conditionally placed the Placing Shares and the Sale Shares with certain new and existing institutional investors. The Placing is conditional, *inter alia*, on:

- the passing of Resolution 1 at the General Meeting;
- the First Option not having lapsed in accordance with the terms of the Option Agreement and the Company having given notice of exercise of the First Option in accordance with the terms of the Option Agreement;
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 17 June 2016 (or such later time and/or date, being no later than 8.00 a.m. on 30 June 2016, as the Company and Cantor Fitzgerald Europe may agree).

Accordingly, if any of these conditions are not satisfied or, if applicable, waived, the Placing will not proceed.

The Placing Agreement contains provisions entitling Cantor Fitzgerald Europe to terminate the Placing Agreement at any time prior to Admission in certain circumstances that are customary for an agreement of this nature. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten by Cantor Fitzgerald Europe or any other party.

The Placing Agreement contains customary warranties given by the Company to Cantor Fitzgerald Europe and a customary indemnity given by the Company to Cantor Fitzgerald Europe in respect of liabilities arising out of or in connection with the Placing. Yehoshua Shai Kol has given certain warranties to Cantor Fitzgerald Europe as to title to the Sale Shares. Cantor Fitzgerald Europe is entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading and which in any such case is material, or the occurrence of certain *force majeure* events.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Existing Ordinary Shares following Admission. It is expected that such Admission will become effective, and that dealings on AIM will commence, at 8.00 a.m. on 17 June 2016.

8 General Meeting

A notice convening the GM to be held at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ at 12 noon on 16 June 2016 is expected to be sent to Shareholders later today and will include the following Resolutions to be proposed at the General Meeting:

(a) Resolution 1 - Authority to Allot the Placing Shares and Disapplication of Pre-emption Rights in respect of the Placing Shares

Under section 60B of the Companies Law, every time a Cypriot public company issues shares for cash, it must first offer those shares to its shareholders on a pro rata basis. The rights of pre-emption in section 60B of the Cyprus Companies Law, Cap 113 may, however, be disapplied by a special resolution of Shareholders in a general meeting of the Company.

Pursuant to section 60B(5) of the Companies Law, this letter constitutes a written report required to be presented to all Shareholders setting out the reasons for exclusion of the rights of pre-emption in relation to the allotment of shares and justifying the proposed issue price.

Resolution 1, as set out in the Notice of GM, seeks approval to authorise the directors to allot and issue the Placing Shares at the Issue Price as if the rights of pre-emption in section 60B of the Companies Law did not apply.

The Board recommends that Resolution 1 be approved by the Shareholders.

(b) Resolution 2 - Share Consolidation

Resolution 2 will be proposed as an ordinary resolution of the Company and if passed, it will involve every 10 Existing Ordinary Shares being consolidated into 1 New Ordinary Share and the Share Consolidation is expected to take place after close of business on the Share Consolidation Date.

The Board recommends that Resolution 2 be approved by the Shareholders.

(c) Resolution 3 - Authority to Allot New Ordinary Shares and Disapplication of Pre-emption Rights in respect of such shares

Resolution 3 will be proposed as a special resolution of the Company to give the Directors authority to allot and issue further shares as if the rights of pre-emption in section 60B of the Companies Law did not apply.

The Board recommends that Resolution 3 be approved by Shareholders.

9 Irrevocable Undertakings

The Directors have irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial holdings of 550,755,279 Existing Ordinary Shares, in aggregate representing approximately 35.7 per cent. of DekelOil's issued ordinary share capital as at the date of this document.

10 Related Party Transaction and Directors' Dealing

It is proposed that Tutalon Investments Limited (a related party of Youval Rasin) will subscribe for 75,471,600 Placing Shares at the Issue Price. By virtue of the voting control exercised by Youval Rasin over Tutalon Investments Limited, the subscription is classified as a related party transaction pursuant to the AIM Rules for Companies. Following the Placing (but before the Share Consolidation), Youval Rasin will control in aggregate 479,645,141 Existing Ordinary Shares, representing approximately 20.4 per cent. of the Pre-Consolidation Share Capital. The Independent Directors, having consulted with Cantor Fitzgerald Europe as the Company's nominated adviser, consider that the terms of this related party transaction are fair and reasonable insofar as the Shareholders are concerned.

Yehoshua Shai Kol is selling 22,641,480 Sale Shares in connection with the Placing, and following the Placing (but before the Share Consolidation), Yehoshua Shai Kol will hold 110,265,258 Existing Ordinary Shares, representing approximately 4.7 per cent. of the Pre-Consolidation Share Capital.

11 Action to be taken in respect of the General Meeting

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. Shareholders are requested to complete, sign and return their Form of Proxy to Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, whether or not you intend to be present at the meeting. The Form of Proxy must be returned as soon as possible but, in any event, so as to arrive no later than 12 noon on 14 June 2016. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

Holders of Depositary Interests are requested to complete, sign and return their Form of Instruction appointing Computershare Company Nominees Limited (the "**Custodian**") to vote the underlying Existing Ordinary Shares on their behalf at the Meeting of Shareholders to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, England as soon as possible but, in any event, so as to arrive no later than 12 noon on 13 June 2016. If holders of Depositary Interests or their representative do wish to attend and/or vote at the General Meeting they should request a Letter of Representation from the Custodian in accordance with the instructions on the Form of Instruction.

Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy or Form of Instruction in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, to c/o Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by no later than 12 noon on 14 June 2016 for the Form of Proxy and by no later than 12 noon on 13 June 2016 for the Form of Instruction (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

If you hold your shares in the Company in uncertificated form (that is, in CREST) you may vote using the Form of Instruction or the CREST Voting service in accordance with the procedures

set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting set out at the end of this document). Voting instructions submitted via CREST must be received by the Company's Depositary (Computershare Investor Services Plc) by no later than 12 noon on 13 June 2016 (or, in the case of an adjournment, not later than 72 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).
Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy or Form of Instruction or the use of the CREST Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so. However, if holders of depositary interests or their representative do wish to attend and/or vote at the General Meeting they should request a Letter of Representation from the Custodian in accordance with the instructions on the Form of Instruction.

12 Recommendation and Directors' Intentions

The Directors believe that the Proposals are in the best interests of DekelOil and its Shareholders as a whole and unanimously recommend that you vote in favour of the Resolutions. Each of the Directors has irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, 550,755,279 Existing Ordinary Shares, representing approximately 35.7 per cent. of the Existing Ordinary Shares in issue as at the date of this letter.