

DekelOil Public Limited / Index: AIM / Epic: DKL / Sector: Food Producers
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DekelOil Public Limited ('DekelOil' or 'the Company')
Contract Signed for Kernel Crushing Plant at Producing Palm Oil Project in Côte d'Ivoire

DekelOil Public Limited, operator and 51% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire, is pleased to announce it has awarded a turnkey contract for the construction of the kernel crushing plant ('KCP') to Modipalm Engineering SDN BHD ('Modipalm'), a leading Malaysian engineering company which successfully completed the construction of the Company's 60t/hr Crude Palm Oil ('CPO') mill ('the Mill') earlier this year. This update is in line with DekelOil's strategy to maximise profitability at the producing Ayenouan project, the strategy for which includes the KCP, further planting of company-owned estates, and the roll-out of a logistics hub network.

Under the terms of the turnkey contract, Modipalm assumes responsibility for the manufacture, transportation (excluding land transportation in Côte d'Ivoire and shipping insurance), installation and commissioning of the KCP. Modipalm will deliver the KCP to DekelOil once it becomes operational, which is expected to be in Q4 2015. The KCP will operate at 60 t/day and has a capacity to produce at a rate of 80t/day. The initial value of the contract is €800,700, 20% of which has been paid, 50% is payable on shipment, 25% is payable on the handover of the KCP to the Company with the remaining 5% due on the expiry of a one year warranty. Discussions are on-going with regards to the supply of spare parts for the KCP as well as rates for Modipalm's two installation supervisors. These additional costs are expected to be finalised by the end of January 2015 and will be added to the payment which is scheduled to be made on the handover of the KCP. The Board does not expect that the total capex requirement for the KCP will exceed €1.1m, which is lower than previously announced.

The KCP has an attractive investment return profile and will materially increase profitability at the Ayenouan project by allowing both palm kernel oil and animal feed to be sold in the local market at the factory gate. In October 2014, the Company successfully raised £1.5 million, to fund the construction of the KCP and DekelOil's joint venture partner, Biopalm Energy Ltd ('Biopalm'), which holds a 49% interest in Ayenouan, has the option to match DekelOil's investment into the KCP. A final decision by Biopalm is expected shortly.

DekelOil Executive Director Lincoln Moore said, "Having successfully completed the construction of one of West Africa's largest CPO mills at our site in Ayenouan, we have first-hand experience of working with Modipalm. The KCP is the first part of a three pronged strategy to maximise profitability at Ayenouan. The second being the

expansion of our own planted estates, to provide an additional source of feedstock for the Mill alongside local small holder production from 27,000 hectares of mature plantations, and thirdly the expansion of our collection hubs. With progress being made on all three fronts, we are on course to increase the cash flows generated from the Mill at Ayenouan.”

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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 (‘the Mill’) based in Côte d’Ivoire, which has a capacity of 70,000 tons of Crude Palm Oil (‘CPO’). Feedstock for the Mill comes from 27,000 hectares of mature palm oil plantations that have been secured under long term contracts with 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.