



For Immediate Release  
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## **Addax Bioenergy SA Announces Signature of Loan Agreement with European and African Development Institutions to fund €258 Million Ethanol and Power Project in Sierra Leone**

**GENEVA, Switzerland (June 17, 2011)** — Addax Bioenergy S.A. (“Addax Bioenergy”), a subsidiary of the diversified energy group of companies, the Addax and Oryx Group (AOG), announced today the signing of a loan agreement with seven European and African development institutions for an integrated renewable energy and agriculture project near Makeni, in Sierra Leone (the “Project”).

The investment includes the development of a Greenfield sugarcane plantation, the construction of an ethanol refinery and a biomass fuelled power plant. Sugarcane, which is widely recognized as the most efficient and sustainable crop for biofuel production, will be converted into bioethanol to meet demand in European and domestic markets, helping replace dependence on fossil fuels and to reduce greenhouse gas emissions. The power plant will provide renewable electricity for the ethanol refinery and will supply approximately 20% of Sierra Leone’s national grid. In addition, the Project incorporates measures to contribute to food security and socio-economic development in one of the poorest regions in the country.

Under the agreement, the African Development Bank (AfDB), the Emerging Africa Infrastructure Fund (EAIF), the Netherlands Development Finance Company (FMO), the German Development Finance Institution (DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH), the South African Industrial Development Corporation (IDC), the Belgian Development Bank (BIO), together with Cordiant managed ICF Debt Pool, are providing debt financing of €133 million. The Swedish Development Fund (Swedfund) and FMO are to join AOG as equity partners. The total size of the investment is estimated at €258 million.

The agreement follows over three years of rigorous evaluations of the potential social, environmental and economic impacts of this innovative project which aims to become a model for sustainable investment in Africa. In addition to the independent studies that have already been conducted and are publicly available, the financing partners will perform on-going monitoring to ensure that the project fully meets its commitments.

The Project has been developed alongside one of the most extensive and transparent dialogue and consultation processes ever carried out in Sierra Leone, according to the country’s Environmental Protection Agency and local NGOs. “The extensive dialogue over more than two years with landowners, local chiefdom councils, national authorities, civil society, NGOs and others has been at the heart of a series of breakthrough solutions that we hope will set a good example for further sustainable investments in the future” commented Nikolai Germann, Managing Director of Addax Bioenergy.

The location of the fields and irrigation systems within the sugarcane plantations has been carefully selected to protect biodiversity and existing farmland. This has been achieved through dialogue with local communities, by in-depth scientific investigations and an aerial survey of the area. Less than one third of the leased area will actually be used by the project, keeping impacts to a minimum. Consequently, only two hamlets with a population of about 80 people may have to be physically resettled and will in that case be compensated in accordance with IFC Performance Standards. In addition, where a village has any existing farmland affected, a number of mitigation measures will be taken, including the provision, ploughing and planting of alternative land as close as reasonably possible to the village.

Construction of the ethanol refinery and power plant will begin later this year, with production becoming operational in 2013. The Project already employs over 700 people and will create over 2,000 jobs in steady operations.

In accordance with Sierra Leone law, the land for the Project was leased from traditional landowners through the local chiefdoms, who were represented by a law firm they engaged throughout the negotiations. To ensure that the landowners will receive their contractual share of the annual rent, landholdings have been mapped in close collaboration with local communities, giving official physical land title and ensuring direct lease payments to the local landowners for the first time.

Addax Bioenergy is also committed to food security and improvements in the livelihoods of local communities. In an unprecedented initiative, a dedicated Farmer Development Programme has started to develop over 2,000 hectares of land to produce food for the local communities. This is complemented by a farmer training programme developed together with the United Nations Food and Agriculture Organization (FAO). This programme offers practical courses to 2,000 farmers to improve the productivity and efficiency of their subsistence farming practices as well as introducing concepts of safety, hygiene and healthcare. The first 118 farmers graduated from the "Addax Farmer Field and Life School" in January 2011, and training is ongoing.

The Addax Bioenergy team recognizes that it is a privilege to earn the trust of the people of Makeni, the local authorities and the Government of Sierra Leone. They take this responsibility seriously and are committed to honouring their commitment to become a model for sustainable investment, to the benefit of all those involved.

Addax Bioenergy's decision to develop the Project in partnership with development finance institutions reflects its ambition to become a benchmark in responsible investment in Africa. The Project has committed itself to comply with stringent social and environmental standards, including: AfDB's Environmental and Social Safeguard policies, the World Bank's International Finance Corporation (IFC) Performance Standards, the EU bioenergy environmental and social sustainability standards, and the industry guidelines developed by the Roundtable for Sustainable Biofuels and the Bonsucro Better Sugarcane Initiative; and local environmental and social laws. .

"The Addax Bioenergy Sierra Leone (ABSL) project is a top priority for the Government of Sierra Leone. The Project represents the largest private sector investment in Sierra Leone's agriculture sector to date and should provide a tangible example of successful investment in the country. It will broaden electricity supply throughout the country, enhance productivity in agriculture and improve the country's standing as an investment destination" the African Development Bank said.

As the first sugarcane ethanol project of its kind in Africa, it represents a major step forward in Sierra Leone's efforts to become a hub for renewable energy alternatives. All involved are aware that there is a lot of debate around biofuels and investment in Africa. Addax Bioenergy is convinced that responsible investment is possible, and the company looks forward to continuing to work alongside local residents and authorities, the national government, lending partners, environmental organizations and civil society to transform their vision into a model bioenergy project of which Sierra Leone and Africa can be proud.

**About Addax Bioenergy**

Addax Bioenergy is a wholly-owned subsidiary of The Addax and Oryx Group Limited (AOG), formed in 2008 to develop a sustainable investment model for biofuels in Africa. Addax Bioenergy is developing this unique project near Makeni, Sierra Leone, in partnership with seven European and African development banks, reflecting its commitment to the highest social and environmental standards. The project in Sierra Leone is expected to become operational in 2013.

**About the Addax & Oryx Group**

The Addax & Oryx Group Limited (AOG) is a diversified energy group of companies and a key player in the energy industry principally in Africa. Created in 1987 out of an expertise in international trade and a strong knowledge of the African continent, it has developed its activities to include Upstream; Downstream supply, storage and distribution; Bioenergy; capital investments and real estate. AOG employs around 800 people from 30 countries in Africa and Europe. It is strongly committed to conducting its activities in compliance with the most rigorous ethical, health, safety and environmental standards, to ensure the long term success of the Group.

**Contact:** [info@bioenergy.com](mailto:info@bioenergy.com); [pressenquiries@aogltd.com](mailto:pressenquiries@aogltd.com);

*For additional information on the project, including copies of due diligence reports, supportive statements and testimonials, photographs, recent press coverage and a comprehensive Q&A document, please visit: <http://www.addax-oryx.com> and click “Bioenergy.”*

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