

## DekelOil To Develop New Plantation In Ghana But Faces Four Year Wait

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LONDON (Alliance News) - DekelOil Public Ltd Thursday said it has signed a deal to develop 10,000 hectares of brownfield land in western Ghana, expanding its portfolio of company-owned estates.

Crude palm oil, which the company produces, is derived from fresh fruit bunches which are sourced from the company's own land and from local farmers. Although the bunches from farmers are integral to the business, DekelOil has been working to increase its own plantations because it achieves a higher margin.

Under this contract, Dekeoil will develop land near the city of Bibiani in the western region of Ghana. The contract has been undertaken with local land owners and a registered lease will be granted to DekelOil subject to due diligence including environmental and social feasibility studies and land surveys.

Importantly, the company said due diligence is expected to take up to 12 months but said it also has the option to walk away from the deal with no penalties "should any material issues arise," it said.

The reason that is significant is because on top of those 12 months, palm oil trees take around three years from being planted to start producing fresh fruit bunches, meaning the new land will not contribute to production for the next four years.

The project will be named the Ghana Bibiani project and will be DekelOil's third company-owned plantation, joining the producing Ayenouan project and the Guitry project, which lies across the border in the Ivory Coast and is currently being developed. Bibiani lies 200 kilometres across the border from Ayenouan.

Although the brownfield land will be owned by DekelOil, it will be developed in partnership with local landholders. Under the deal, the landholders will receive a third of profits from the sale of fresh fruit bunches to DekelOil in return for providing the land to grow them on.

"In line with our current activities to operate in partnership with local land owners and smallholders, the community will benefit from our activities in Ghana, with the consideration for the land payable through a share of the profits delivered from sales of fresh fruit bunches to a company-owned mill to be developed and built in the future," said Executive Director Lincoln Moore.

The company said current "unmet" demand in Ghana stands at 35,000 tonnes of crude palm oil per year, which has boosted prices to a premium compared to international prices.

To put that into perspective, DekelOil produced 29,137 tonnes of crude palm oil in the first nine months of 2015, and 5,069 tonnes of kernels, which are the nut inside a fresh fruit bunch which is used to derive a similar, but lower quality product, as crude palm oil - which is widely used in the food, beauty and pharmaceutical industries.

In the third quarter of 2014, DekelOil achieved an average CPO price of EUR610 per tonne which it said was a "significant premium" to the current international crude palm oil price. According to Index Mundi, the average international CPO price stood at USD576 per tonne in July, USD485 per tonne in August and USD484 per tonne in September.

To try and put the new 10,000 hectare Bibiani project into perspective, a palm oil tree can produce 10.0 tonnes of fresh fruit bunches, which tend to contain around 50% oil plus the kernel, per hectare. On average 3.9 tonnes of crude palm oil and 0.5 tonnes of palm kernel oil can be extracted per hectare.

DekelOil shares were down 0.6% to 0.994 pence per share

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