

Memorandum of Understanding

Implementation of Jatropha Oil Factories and a Thermal Power Plant in Timor-Leste

On the basis of evaluating the possibility to provide Jatropha oil factories and a power plant in Timor-Leste on a Build Operate and Transfer basis, this Memorandum of Understanding ("MoU") is made on the 4th day of June 2008, by and between :

(1) The Secretary of State for the Energy Policy in Timor-Leste (hereinafter called "The Secretary"

and

(2) Jacobsen Elektro AS, with its main office in Lier, Norway, (hereinafter called "Jacobsen").

PREAMBLE

Whereas both The Secretary and Jacobsen have interest in developing a BOT (Build, Operate and Transfer) program on Jatropha oil extraction and a power plant that is based on the use of conventional fuel (Heavy Fuel Oil) and locally produced bio fuel in an environmentally sustainable way, and

Whereas, The Secretary has identified the need of the implementation of vegetable oil factories to collect Jatropha seeds from the farmers cooperatives in Timor-Leste and transform these into Jatropha oil and seed briquettes, and

Whereas, The Secretary has identified the need of an urgent implementation of a new power plant as priority number one to cater for the demand of power and secure delivery of electricity and that the power station shall utilize the Jatropha oil as the priority fuel and Heavy Fuel Oil as-the secondary fuel, and

Whereas, Jacobsen has an interest to build and operate the Jatropha oil factory and a power station in Timor-Leste and The Secretary is aware of such interest by Jacobsen.

NOW THEREFORE, in consideration of the premises set forth above the Parties hereby agree on an exclusive basis to develop the program (hereinafter called "the Project") as follows:

- Prepare a feasibility study of the Project
- Agree on a localization of the vegetable oil factories
- Agree on a localization of the power station
- Based on production of seeds, investigate the best size of the oil extraction facility
- Based on demand, investigate the best size of the power station
- Identify the best infrastructure for receiving and storage of vegetable oil and fuel
- Evaluate the best solution for the grid connection
- Prepare and negotiate a take-off agreement for the Jatropha seeds with the cooperatives
- Negotiate a power purchase agreement (PPA) between The Secretary and Jacobsen

ROLES AND RESPONSIBILITIES

Both parties shall establish a team with a mandate to negotiate on behalf of The Secretary and Jacobsen respectively.

The result of the above mentioned negotiations are subject to approval by the Board in Jacobsen and The Secretary of State for Energy Policy.

Jacobsen intends to use the different companies within the Jacobsen group for the fulfilment of the intentions in this MoU.

COPYRIGHT AND CONFIDENTIALITY

It is agreed that all documents prepared for and during the negotiations and implementation of the Project will be strictly confidential and used only in connection with the implementation of the Project.

No documents referred to in sub-clause above shall be made available to any third party without a written agreement by both parties.

TERMINATION

This MoU can be terminated by either party hereto twelve months after the signing of this MoU if no contract documents are signed by the Parties in relation to the Project.

PRELIMINARY SCHEDULE

	Action	Responsibility	Date
1	MOU signed by both Parties	All	04 June 08
2	Establish the negotiating teams	All	20 June 08
3	Presentation of the feasibility study based on extraction of Jatropha oil, manufacturing of seed briquettes and construction of the power station with prices and schedules	Jacobsen	01 Sept. 08
4	Technical approval of the project	All	
5	IPP license signed	All	
6	Take-off agreement with the cooperatives signed	All	
7	Negotiate and sign PPA	All	
8	All agreements, permits and licenses signed	All	November 08
9	Contract coming into force	All	December 08

This MOU was made in 2 originals, one for The Secretary and one for Jacobsen.

The Secretary of State for Energy Policy

Signed by:

Avelino Maria Coelho da Silva

Secretary of State

JACOBSEN ELEKTRO AS

Signed by:

Olav Dugstad

Commercial Manager