



Term Sheet
between

Statoil New Energy AS

and

Biofuel AS

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This term sheet ("**Term Sheet**") is entered into on ____ November 2008 by and between:

- (i) Statoil New Energy AS, a Norwegian company fully owned by StatoilHydro ASA and with registration number 981 269 217 ("**Statoil**"), being a company incorporated under the laws of Norway and having its registered office at Forusbeen 50, 4035 Stavanger, Norway and;
- (ii) Biofuel AS, Norwegian company registration number 991 537 201 ("**BIOFUEL**"), a company incorporated under the laws of Norway and having its registered office at Verven 12 C, 4014 Stavanger Norway.

Statoil and BIOFUEL are hereinafter also collectively referred to as the "**Parties**" and individually as "**Party**".

WHEREAS, BIOFUEL is the 100% owner of Biofuel Africa AS (reg. no 992 636 351) a company incorporated under the laws of Norway and having its registered office at Verven 12 C, 4014 Stavanger, Norway

WHEREAS, Biofuel Africa AS is the 100% owner Biofuel Africa Ltd., a company incorporated under the laws of Ghana and having its registered office at 3rd floor, Teachers Hall Complex, Education Loop, 4 Barnes Close, Adabraka, Accra, Ghana

WHEREAS, BIOFUEL through its subsidiaries is a company engaged in the development of Jatropha production in Ghana.

WHEREAS, BIOFUEL is developing a 23.000 ha Jatropha plant in the Tamale region and require equity of 80 MNOK to complete the business plan and achieve plateau production from the said area, targeting 35.000 ton of crude Jatropha oil per year.

WHEREAS, the expected total capital requirement to be fully financed and reach positive cash flow from the jatropha cultivation in the Tamale region, Ghana is estimated to be 110 – 130 MNOK.

WHEREAS, StatoilHydro aims to build a sustainable international upstream biofuel business which goes beyond sourcing its own downstream needs and therefore currently is considering entering into partnerships with high quality companies in Ghana and elsewhere where Statoil will have a substantial equity share.

WHEREAS, BIOFUEL pre-money is estimated to have a value of approximately 49 MNOK

WHEREAS, the Parties share a common dedication to explore if such a partnership is possible between them through a possible Statoil 50,5 MNOK investment in BIOFUEL (the "**Transaction**").

WHEREAS, the Parties, have for some time exchanged information and held meetings regarding the Transaction as well as other possible grounds for cooperation involving BIOFUEL.

WHEREAS, the content of this Term Sheet shall, to the extent possible, apply for Biofuel and its subsidiaries.

WHEREAS, a shareholders agreement between shareholders representing more than 80% of the share capital (post Transaction) in BIOFUEL will be a condition for any agreement.

Set out below in this Term Sheet are the principal terms and conditions to which the Parties, subject to final agreements, are willing to complete the Transaction.

1 OWNERSHIP AND GOVERNANCE

1.1 Distribution of shares and exit provisions

Through the Transaction Statoil will acquire a 37% shareholding in BIOFUEL combined with a Co-Investor contribution of 30,6 MNOK and entitled compensation-shares. This Transaction will be made through two tranches and completed upon meeting the milestones as they are described in a business plan enclosed to a final Shareholders Agreement, subsequently decided upon by the Board of Directors in BIOFUEL when is fulfilled, and thus carry out necessary procedures for completing the Transaction.

Tranche 1:

Initial payment shall be 25,250,000 NOK and shall be equal to an ownership share of 26.3% (9,351,852 shares) provided that an amount equal to 15,322,500 NOK is provided from the co-investor

Tranche 2:

Upon reaching the milestone as described in the Business Plan, the second payment shall be 25,250,000 NOK and be equal to an additional 9,351,852 shares. The resulting ownership share shall be 37% fully diluted, provided that the co-investor contributes with an additional amount of 15,322,500 NOK.

Statoil shall have full rights as described herein having completed its instalment in Tranche 1.

Any future additional investment ("Future Investment") in BIOFUEL shall be proposed by the Board of Directors and approved by shareholders representing more than 2/3 of the share capital in BIOFUEL. Statoil shall have the right, but not the obligation, to participate pro rata in any such Future Investment.

Statoil is to enter as shareholder in BIOFUEL. Statoil reserves its right to exit BIOFUEL and transfer its ownership to BioFuel Africa AS, at an ownership ratio of 1:1 (conditioned upon no assets or know-how in BIOFUEL of more than insignificant value) after three years, upon 6 months written notice. If the Parties fail to agree on the value of assets or know-how, the Parties will ask their respective auditors to nominate a well reputed independent valuation firm to determine the value, the regulations to be described in further detail in the Shareholders Agreement.

In the event such transfer of ownership is invoked, the Parties agree that values jointly accumulated in BIOFUEL shall be fully transferred to Biofuel Africa AS, and that Biofuel Africa Ltd. shall have a royalty-free right to use such assets and know-how.

Correspondingly, shareholders in BIOFUEL, representing more than 40% of the share capital in BIOFUEL has the right to demand that Statoil exit on the terms described above. However, the said right can only be exercised if the shareholders representing 40% do not come to terms with Statoil on:

- (i) the future strategic development of the company significantly deviating from the Business Plan intentions
- (ii) a common sale or IPO of the shares in BIOFUEL

The issue at hand must have been discussed and voted over in a shareholders meeting before the right to demand an exit can be exercised.

After an exit as described above, BIOFUEL has the right to sell its shares in Biofuel Africa AS with accompanying rights to off-take production from Biofuel Africa Ltd at market value in accordance with BIOFUEL's ownership share in Biofuel Africa AS based on first right of refusal.

The Board of Directors of BIOFUEL shall consist of 5 (five) members including the Chairman of the Board elected for a period of 2 (two) years. Shareholders representing more than 15%, except Founder's shares, may nominate one board member each. The Founders shall be represented by 1 member of the Board. Remaining members shall be mutually agreed upon. Only external Board members not owning shares or receiving stock related compensation in BIOFUEL may receive remuneration for his/her services as Board member in BIOFUEL except agreements already entered into by the date of this Term Sheet.

Chairman of the Board for the first 2 (two) years shall be Jan Reinås. When appointing a new Chairman of the Board, the Board shall make a unanimous decision.

1.2 Voting rights

The following decisions shall be subject to the Board of Directors approval according to the statutes of BIOFUEL:

- (i) Commit BIOFUEL for expenditures above 3,5 MNOK, unless not already approved in annual budgets and/or identified investment program
- (ii) Hiring and firing of CEO
- (iii) Compensation programs (i.e. salaries and bonus programs) for Key management
- (iv) Annual budgets, business plans and financial plans for BIOFUEL
- (v) Others

The following decisions regarding BIOFUEL shall be subject to Statoil, through its appointed Board members, approval:

- (i) Stock (options) programs for Key management, however not including agreements already entered into by the date of this Term Sheet.
- (ii) Annual budgets, business plans and financial plans for BIOFUEL substantially deviating from the agreed plans and budgets as approved under (iv) above or revised budgets approved by the board
- (iii) Any corporate restructuring of BIOFUEL, including but not limited to the invitation of shareholders in subsidiaries

The term "Key management" referred to in (iii) and (i) above shall include chief executive-, and chief financial officers, both in BIOFUEL and its subsidiaries,

Irrespective of above, the Parties agree that the purpose of the Transaction is to create benefits for all the shareholders in BIOFUEL, and decisions by the Board of directors should reflect this ambition to always act in the best interest of BIOFUEL and its shareholders.

1.3 Ethics and HSE issues

BIOFUEL shall at all times comply with the terms and conditions for ethics and HSE issues as set forth in corresponding governing documents regarding such issues in Statoil, namely its "Ethics code of conduct", as such may be amended from time to time.

1.4 Information rights

BIOFUEL has the target to establish monthly financial reporting routines as soon as practically possible. Until such regular reporting is achieved, BIOFUEL shall as a minimum submit such financial reports on a quarterly basis. BIOFUEL shall use its best endeavors to accommodate the reporting format and time schedule as requested by Statoil. The financial reports are to be made available to and approved by the Board. Financial reports approved by the Board shall upon request be submitted to any other shareholder. In addition, Statoil shall have the right to, accompanied by its own auditors and advisors perform visitations at BIOFUEL's premises with three weeks written notice.

1.5 Management

The present management will continue to run BIOFUEL. Any new appointments to staff and/or management are to be approved of by CEO in BIOFUEL conditional on section 1.2 (iii) above.

1.6 Dividends

No dividends shall be paid out by BIOFUEL to any shareholder unless BIOFUEL's Board of directors adopt a qualified majority (4 out of 5) resolution stating that BIOFUEL is cash flow positive (in accordance with generally accepted accountancy principles) and was cash flow positive the previous calendar year as well as taking into account Future Investment requirements.

1.7 Pre-emptive rights

Statoil shall have a pre-emptive right to purchase its pro rata part of share offerings of new securities of BIOFUEL other than offering of securities in relation to incentive schemes.

1.8 Tag along

Any transfer of shares from one of the existing shareholders under the Shareholder Agreement shall give Statoil a right to sell, at the same price and on the same terms as in the proposed transfer of shares, a proportionate number (in respect of the total shareholding of BIOFUEL) of its shares.

1.9 Anti Dilution

The shares issued in connection with the Transaction, including shares issued to the Co-Investor shall have anti-dilution protection, meaning that in case of issuance of new shares in BIOFUEL for a consideration per share (in cash or in kind) which is less than the subscription price in the Transaction (the "Lower Share Issue"), Statoil shall have the right to subscribe for additional shares at a price calculated on a narrow weighted average principle, preferably by bonus issue, or by payment (in which case adjustments for such required payment shall be made). The anti-dilution rights are only applicable for new share issuance taking place within a period of 36 months after the initial payment (first tranche) of the Transaction has taken place.

The anti-dilution protection shall not apply in the following situations: (i) securities issued to officers, directors and employees of, and consultants to, the Company pursuant to plans and arrangements entered into before this Term Sheet, or later approved by the Board of Directors, including the vote(s) of the director(s) appointed by Statoil ("Incentive Schemes"); (ii) securities issued in connection with a merger or acquisition by BIOFUEL.

This anti-dilution protection shall be implemented by issue of shares, options, warrants or convertible loan at the choice of the Board of directors in BIOFUEL.

1.10 Issues relating to the founders

All shares in BIOFUEL held prior to October 2007 (directly or indirectly) by any of Arne Helvig, Steinar Kolnes and Finn Byberg (the "**Founders**") are restricted from sale or transfer during the first 36 months following the initial payment (first tranche) of the Transaction.

If the employment of a Founder is terminated by BIOFUEL without fault from the Founder prior to the expiry of the 36 month lock up period, the shares that are subject to the lock up as described herein shall immediately be sold at market value less a discount of 20% to either BIOFUEL or any person BIOFUEL appoints. This does not apply if the cause of termination is due to downsizing, reorganisations or similar circumstances in BIOFUEL.

If the Parties fail to agree on the market value the Parties will request their respective auditors to nominate a well reputed independent valuation firm to determine the market value, the regulations to be described in further detail in the Shareholders Agreement.

If BIOFUEL decides to base some of its management remuneration on stock or options to buy stock the above lock up provisions shall apply mutatis mutandis to those stocks from the time of the stock issue or the time of the exercise of such stock options respectively. For stock (option) remuneration to management entered into before this Term Sheet, the provisions shall apply during the first 24 months.

The Founders shall all be subject to non-compete clauses until the latest of 12 months from the Transaction (first tranche) and 3 months from termination of employment. In case of breach of the non-compete for BIOFUEL, the relevant shares held by the Founder shall be returned without compensation to BIOFUEL.

In the event that BIOFUEL has been exposed to a documented and direct economic loss as a consequence hereof, the Board shall consider if any claims shall be raised against any of the Founders in question.

2 BUSINESS PLAN AND GROWTH AMBITIONS

The Parties agree to jointly work out a business plan for the first three years, and to enclose an agreed business plan to the Shareholders Agreement.

The business plan will include guidelines for milestones under which the second tranche of the Transaction shall be decided on by the Board of directors and carried out.

3 OFF TAKE AND DELIVERY AGREEMENTS

As a part of the Transaction, the Parties will agree on the terms and conditions for the establishment of a long term off-take agreement between StatoilHydro and BIOFUEL, on acceptable terms for both StatoilHydro and BIOFUEL.

Statoil Hydro's off-take agreement shall include the following key elements;

- (i) On the basis of BIOFUEL current capacity plans - targeting a volume of 35,000 ton from the 23,000 ha in Tamale - ensure an off-take of 100 % of the total yearly volumes for local and export markets for the first three years from signing this Term Sheet
- (ii) After three years StatoilHydro has the right to purchase a volume of 25,000 ton pr year, and - for volumes above 25,000 ton per year, the right to purchase volume equal to its ownership share for the local and export market on FOB Tema basis.
- (iii) Should an exit situation occur, followed by a sale of BIOFUELS shares in BioFuel Africa AS (with corresponding rights to off-take volumes) as described in Section 1.1, StatoilHydro reserves a right to off-take volumes equal to 100% of the volume produced for a period of 6 months after BIOFUEL's sale of shares.
- (iv) The Parties agree that the price should be market based, preferably a quoted Jatropha oil price. Until a quoted Jatropha oil price exist, the oil shall be traded through StatoilHydro trading department at transparent terms and market price after necessary discussions and approval from the CEO in BIOFUEL. BIOFUEL are entitled to a price equal the market price obtained, less an agreed trading fee for StatoilHydro. Transportation shall be at lowest possible cost taking into account HSE and vessel quality requirements. BIOFUEL has the right to audit the market resale prices by way of an independent auditor.
- (v) Ensuring a long term agreement in accordance with the provisions above (i.e rights limited to a base-volume of 25,000 ton and first right of refusal to volumes equal to ownership share for any excess production), whereby the committed off take period is minimum 3 years and with an evergreen annual extension (Statoil Hydro's option)

4 ASSETS

The Parties agree that the following lists identify the main assets (tangible and intangible) of BIOFUEL:

- (i) Final lease agreements for 13,000 ha
- (ii) Contract for a lease for 141,000 ha
- (iii) EPA approval for 23,000 ha
- (iv) Machinery and equipment
- (v) Cleared areas of approximately 1,400 ha
- (vi) Planted areas of approximately 650 ha
- (vii) Test farm inventories and know how
- (viii) Organisations in Norway and Ghana

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5 CO-INVESTOR REQUIREMENT

The capital expansion in BIOFUEL will require Co-Investors in addition to Statoil. Such Co-Investor must not represent interests in conflict with Statoil or StatoilHydro, meaning not in breach with the ethical standard StatoilHydro and Statoil requires from a joint venture partner, or a company with specific rights to volumes produced by BIOFUEL connected to the said investment

6 CONDITIONS PRECEDENT

The following conditions must be present before any investment can be made

- a) The remaining capital requirement of 30,6 MNOK in addition to the Transaction need to be fully committed and not in conflict with the terms in article 5 above
- b) The joint Well to Wheel study performed by Biofuel and StatoilHydro needs to demonstrate a GHG reduction potential equal to the final approved requirements by the EU, and according to current proposal from the EU commission a minimum of 60%, compared to conventional diesel. Should the Well to Wheel study performed demonstrate a reduction below 60%, the Parties are to discuss how to proceed if the expected outcome of EU-discussions is or becomes 60% (or higher).
- c) A jointly approved business plan for Biofuel focusing on the activities in Ghana for the coming 3 years as well as a description of the intended development of the company
- d) A specified customary off-take agreement between Biofuel and StatoilHydro based on the terms and principles laid down under article 3 above.
- e) Completion of a customary Shareholders Agreement between the majority (80%) of the Shareholders, including Statoil, based on the terms and principles laid down in this Term Sheet. The Shareholders Agreement is to remain in force until an exit is triggered, and if so continue to remain in force between Statoil and BIOFUEL, to the extent applicable.
- f) Completion of satisfactory technical, financial, commercial, integrity and legal due diligence of BIOFUEL and its wholly-owned subsidiaries.
- g) Receipt of a signed statement of completeness from the board of directors and the CEO of BIOFUEL confirming that Statoil has been provided full and correct information in order to evaluate BIOFUEL.
- h) Completion of satisfactory transaction documents, including adoption of new articles of association of BIOFUEL if needed.
- i) All necessary corporate, regulatory and governmental approvals necessary for the Transaction and the Shareholders agreement shall have been obtained, including but not limited to approval from the Board of directors and the necessary shareholders in BIOFUEL and high level management approval by StatoilHydro and Statoil. Furthermore all necessary third party contract consents shall have been received, all to the satisfaction of Statoil and StatoilHydro.

7 MISCELLANEOUS

7.1 Representations and warranties

The management of BIOFUEL and the Founders shall provide standard representations and warranties to Statoil including but not limited to full representations and warranties as to the ethical conduct and compliance with relevant laws from BIOFUEL. The liability of the Founders shall be limited to the cost price of their shares in BIOFUEL.

7.2 Transaction Cost

The Parties shall cover their own cost associated with this Term Sheet and the Transaction.

7.3 Process

The Parties agree to use reasonable endeavour to complete the due diligence as referred to in Section 6 e) above within 8 weeks from signing this Term Sheet conditioned upon BIOFUEL provides the documents requested from StatoilHydro and Statoil within two weeks upon received request list.

This Term Sheet shall unless renewed by the Parties expire on January 31, 2009.

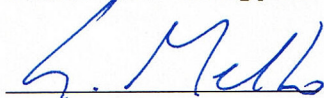
Statoil is to give notice as soon as practically possible of any finding during the due diligence process, which in the opinion of Statoil may have an effect on the Transaction.

Any documents required and referred to under this Term Sheet related to the Transaction are further to be finalized within one week after the due diligence process is finished, and the potential Transaction is to be completed no later than two weeks after the due diligence process are finished.

8 NO BINDINGS AND DISPUTE RESOLUTION

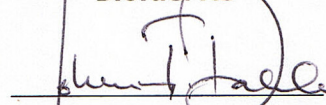
This is a non-binding document unless otherwise is obvious from the context. Any dispute resolution shall take place in Oslo, Norway in accordance with the Norwegian Arbitration Act of 2004 with later amendments. The arbitration proceedings and their result shall be held confidential between the parties.

Statoil New Energy AS



Gisle Melbo

Biofuel AS



Johan Fredrik Dahle