



Introducing the FutureFuel Renewables II Plc Fixed Income Bond



THIS SECTION IS IMPORTANT AND REQUIRES YOUR ATTENTION

FutureFuel Renewables II Plc Bonds are not covered by the Financial Services Compensation Scheme.

THE CONTENT OF THIS FINANCIAL PROMOTION HAS BEEN APPROVED, FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, BY NCM FUND SERVICES LTD, WHICH IS AN AUTHORISED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000. RELIANCE ON THIS FINANCIAL PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE CASH INVESTED.

If you are in any doubt about the action you should take or the contents of this document, you should contact your professional adviser, authorised by the Financial Conduct Authority (“FCA”), to conduct investment business and who specialises in advising on investments in shares, bonds and other securities, including unlisted securities.

This document (the “Document” or “Invitation Document”) constitutes an invitation to subscribe for unsecured bonds (“FutureFuel II Bonds”) issued by FutureFuel Renewables II Plc (the “Company” or “Issuer”) on the terms and conditions set out in this Invitation.

Your attention is particularly drawn to the “Risk Factors” which are set out on pages 22 to 25 of this Document. Prospective investors should consider carefully whether an investment in FutureFuel II Bonds would be suitable for them in the light of their personal circumstances. FutureFuel II Bonds are an unsecured debt of the Company and are not freely transferable or negotiable on the capital markets and no application is to be made for the FutureFuel II Bonds to be admitted to listing or trading on any market.

You should ensure that you have read and understood all of this Invitation Document before applying for the Bonds. This Invitation is only directed at persons:

- (a) certified as a ‘high net worth investor’ in accordance with COBS 4.7.9 R;
- (b) certified as a ‘sophisticated investor’ in accordance with COBS 4.7.9 R;
- (c) self-certified as a ‘sophisticated investor’ in accordance with COBS 4.7.9 R; and
- (d) certified as a ‘restricted investor’ in accordance with COBS 4.7.10 R.

Investors should not subscribe for any of the bonds referred to in this Invitation Document except on the basis of the information published in this Document and the instrument dated 15th September 2017 constituting the bonds of the Company (the “Bond Instrument”) set out on page 30 onwards of this Invitation Document.

FutureFuel II Bonds may not therefore be a suitable

investment for all recipients of this Document. Investment in unquoted securities of this nature, being an illiquid investment, is speculative, involving a degree of risk. Other than in exceptional circumstances, it will not be possible to sell or realise the FutureFuel II Bonds before they mature or to obtain reliable information about the risks to which they are exposed.

This Invitation, which is a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”), is issued by the Company, which accepts responsibility for the information contained herein.

This document has been approved as a financial promotion by NCM Fund Services Ltd (“NCM”) of 7 Melville Crescent, Edinburgh, EH3 7JA which is authorised by the Financial Conduct Authority to conduct investment business. NCM is registered on the Financial Conduct Authority’s Register with registered number 183732.

This Invitation Document does not constitute an offer of transferable securities to the public and accordingly this Invitation Document does not constitute a prospectus to which the Prospectus Rules of the FCA apply. Therefore, this Invitation Document and the Instrument have not been approved by the FCA or any other regulatory body.

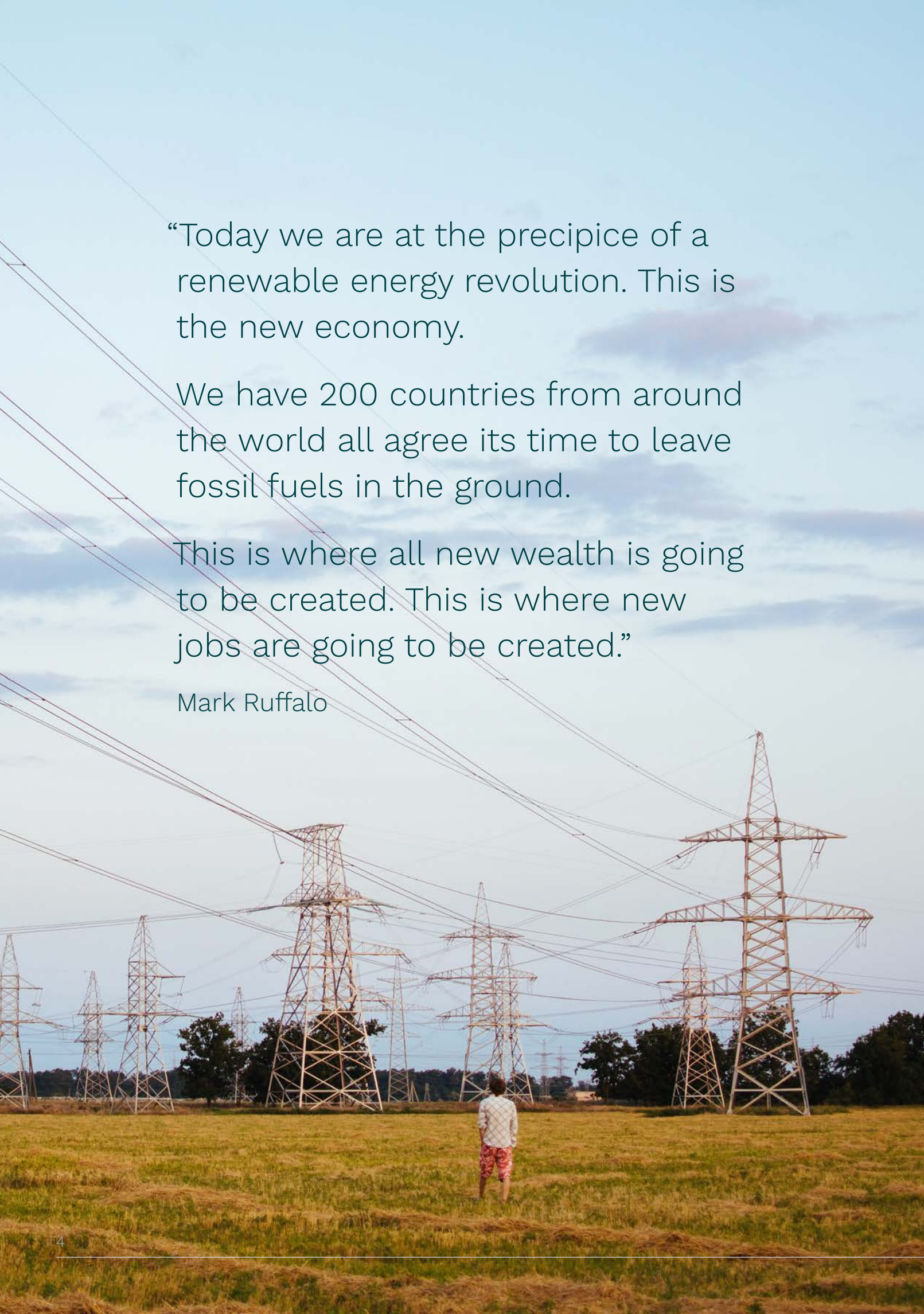
This Invitation Document does not constitute an offer to sell, or the solicitation of an offer to buy, FutureFuel II Bonds in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States or Canada. FutureFuel II Bonds have not been and will not be registered under the applicable securities laws of the United States or Canada and may not be offered or sold within the United States or Canada or to any national, resident or citizen of the United States or Canada. The distribution of this Invitation Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

FutureFuel II Bonds are not covered by the Financial Services Compensation Scheme.

“Just as fossil fuels from conventional sources are finite and are becoming depleted, those from difficult sources will also run out.

If we put all our energy and resources into continued fossil fuel extraction, we will have lost an opportunity to have invested in renewable energy.”

David Suzuki



“Today we are at the precipice of a renewable energy revolution. This is the new economy.

We have 200 countries from around the world all agree its time to leave fossil fuels in the ground.

This is where all new wealth is going to be created. This is where new jobs are going to be created.”

Mark Ruffalo

Company Overview

Background

Established in early 2016, FutureFuel Holdings Ltd and its subsidiaries are a UK-based Group in the renewable energy sector ("FutureFuel") with a strong passion to help create a better tomorrow for future generations by improving the way in which energy is generated and the planet's resources utilised.

As we are on the Renewables and CHP Register, which is a web-based system used to manage several schemes administered by Ofgem on behalf of the government, we already benefit from the UK government's ongoing commitment to reducing harmful emissions and increasing the use of renewable energy sources to replace conventional energy sources.

To reach the government's current target, the UK requires at least 15% of its energy consumption to be delivered from renewable energy sources before 2020. These facts remain current and relevant regardless of the UK's impending exit from The European Union, given the renewal of the UK's ongoing commitment to the Paris Climate Accord.

FutureFuel has developed a scalable business model that we now plan to expand as we strive to meet the UK's directive to decrease the reliance on fossil fuels in both energy production and transport fuels.

In July 2016 we launched our first corporate bond in order to raise expansion capital. The funds raised enabled us to establish our first processing sites and energy generation facilities. After an extremely exciting but hectic 12 months we are delighted to report the attainment of our first goals with the

opening and operating of our 190 & 127 Kingsnorth sites, and with our third facility, for which terms have been agreed at 214a, to follow later this year, (subject to final contract.)

These facilities operate under an Environment Agency low impact permit and we can already produce up to 4,000,000 litres of commercial grade biodiesel per year by processing 4000 MT of waste derived from Used Cooking Oil, (UCO). This is then used to power our 8 x 500kw generators and the electricity generated is exported back to the National Grid.

With a connected capacity of 1.25Mw per site to the National Grid our 2Mw facilities need only operate at 62.5% of their capacity at any one time, significantly increasing the lifespan of our generators and, further, meaning that we will have zero down time for generation within our service pattern.

Bond Offering

We are now offering our second bond with again an annual 9% fixed return for 5 years (FutureFuel II), to further build upon our ambitious scalable business model.

FutureFuel operates from a number of commercial units all designed to be suitable for housing processing facilities on the Kingsnorth Industrial Estate in Grain, Kent. Each site enables us to provide an ethical, environmentally friendly and minimal cost solution to the problem of disposing of UCO that is genuinely sustainable, whilst also offering potential for significant greenhouse gas savings.

Our first two sites have been delivered from the funds raised in our first bond issue: both 190 and 127 Kingsnorth are connected and commissioned to the National Grid.

Our only 'waste' product from processing UCO into biodiesel production is glycerol, which is in fact the feedstock for our anaerobic digestion (AD) plant in Higham. From our feasibility studies, we have identified that the AD plant requires 2,750MT per year of glycerol per 499 Kw generator. Once all biodiesel processing plants are fully operational we will produce an estimated 3,604MT of glycerol from our biodiesel production plants in Higham and Kingsnorth each year, thus creating a continuous and free feedstock for our AD generator.

Whilst the government initiatives of Feed-In-Tariffs for simple energy generation from renewable sources have since expired, we are still able to exploit the same incentives that remain available to energy production by Anaerobic Digestion (AD).

This is in line with the government-sponsored initiative for renewable energy administered by Ofgem, which secures a fixed-rate index-linked return on generated energy per unit that is guaranteed by the Government, through the Department for Business, Energy & Industrial Strategy (BEIS).

About our Bond

FutureFuel is now offering a second bond to fund the opening of an additional processing site at 214b Kingsnorth Industrial Estate and a multipurpose processing and AD electricity generating facility in Higham, Kent. These facilities are operating companies (OPCOs) of FutureFuel. FutureFuel Renewables II Plc will loan the funds raised through the FutureFuel II Bond issue to OPCOs at 214b and Higham, (please see group structure diagram on page 16).

These loans will be secured by a debenture constituting a fixed and floating charge over the entire undertaking and assets of these OPCOs for the benefit of FutureFuel Renewables II Plc. The OPCOs are wholly owned by FutureFuel Holdings Limited.

FutureFuel Holdings Limited is the parent and sole owner of FutureFuel Renewables II Plc.

The Bondholders will be individually issued a bond certificate for their investment. The only debt in FutureFuel Renewables II Plc is that of the Bondholders and the only activity is the bond issue.

In the event the business needs to be wound-up, Bondholders in FutureFuel Renewables II Plc will rank first over all assets and book debt of each Bond II operating company. We have appointed NCM Fund Services to act as the Bond Administrator and arrange coupon payments. They are regulated by the Financial Conduct Authority.

Benefits of a FutureFuel II Bond

Earn an effective rate of return of 9% per Annum before tax over the life of the FutureFuel II Bond, with regular fixed income payments.

Know exactly when you are entitled to receive an income payment over the life of the project.

Bondholders invited to visit operating facilities.

Receive regular quarterly payments for the final 4 years of the Bond.

Help generate a clean renewable energy source for the UK.

Help reduce the UK's dependency on fossil fuels.



How the bond works

FutureFuel II Bonds will pay a fixed interest rate of 9% gross per annum. The first years interest payment will be made 14th September 2018 and thereafter quarterly or annually for the remaining 4 years.

Full capital repayment will be made at the end of the 5-year Bond. The Bond matures on 14th September 2022.

The table below sets out exactly what you are entitled to receive each year if you invest £20,000 on the first day of this offer.

How your 9%* effective rate of return breaks down over time: interest income & capital repayment.

Initial Investment £20,000	Quarterly Interest Payments				Total Interest Income	Capital Repayment
	Q1	Q2	Q3	Q4		
Year 1				£1,800	£1,800	
Year 2	£450.00	£450.00	£450.00	£450.00	£1,800	
Year 3	£450.00	£450.00	£450.00	£450.00	£1,800	
Year 4	£450.00	£450.00	£450.00	£450.00	£1,800	
Year 5	£450.00	£450.00	£450.00	£450.00	£1,800	£20,000

Total Interest Earned	£9,000
Return on Investment	45%

*The return is calculated from 14th September 2018. Investments on a later date will result in pro-rata interest payments

*As a general rule, UK domestic law requires companies making payments of interest to withhold tax at 20%.

Market Sector

The UK market for biodiesel derived from UCO is currently estimated to be in excess 250 million litres per year.

Biodiesel production will continue to increase year on year as the UK government has committed to generate a minimum of 10% of its transport fuel and 15% of its energy needs from renewable energy sources by 2020.

To help meet renewable energy quotas that will continue to increase steadily each year until 2037, the UK government (through BEIS) has offered an index-linked contract, which guarantees the minimum price FutureFuel will receive for producing renewable energy for the next 20 years.

The generation of electricity usually involves a large-scale intrusion on the landscape that is neither sustainable nor environmentally friendly.

Our ethos at FutureFuel is for the promotion of small-scale unobtrusive generating facilities that have a minimal environmental impact. FutureFuel will produce energy for the community powered not by fossil fuels but by a readily available waste source which at present is largely either sent to landfill or poured down drains, both of which disposal methods have potentially hazardous effects on the environment.

Once we have processed the UCO into biodiesel our by-product, glycerol, will be used to generate electricity thereby creating a renewable energy source that is both sustainable and environmentally friendly while actively helping to lower greenhouse gas emissions.



UCO

The domestic collection of UCO in the United Kingdom is largely untapped by those currently producing bio-diesel in industrial quantities, despite the fact that domestic derived UCO is estimated to far exceed 50 million litres per annum.

According to Ecofys, over 90% of domestically derived used cooking oil (“UCO”) is sent to landfill or disposed of as effluent. This is both potentially hazardous to the environment and extremely costly to utilities companies who spend in excess of £15m per annum repairing damaged drains as a result of greasy deposits built up from oil disposed of in this way. It is also the waste of a valuable resource that can be used for electricity generation.

Our ultimate aim is to harvest this largely untapped waste source to produce biodiesel and glycerol which in turn will be used to generate electricity creating a renewable energy source that is both sustainable and environmentally friendly while actively helping to lower greenhouse gas emissions.

As part of this broader educational strategy to harness the collection of UCO from the domestic market, the FutureFuel Board is also committed to ensuring maximum capacity of output via generation, and so in the short term has committed to the purchasing of commercially derived UCO from both the UK and overseas to address this requirement.

Biodiesel vs Petroleum Diesel

The technical definition of biodiesel is a fuel suitable for use in compression ignition (diesel) engines that is comprised of fatty acid mono-alkyl esters derived from biologically produced oils or fats including vegetable oils, animal fats and micro-algal oils.

Biodiesel is an alternative to fossil fuel which can be made from waste vegetable oil (UCO) using a simple chemical process. It can be used directly in any diesel engine, either neat or mixed in any ratio with petroleum diesel. The engine requires no modifications before being fuelled with biodiesel.

In addition to the road transport fuel market it can also offer similar benefits to other industries and applications.

Of its many superior qualities biodiesel is a green fuel that is non-toxic and biodegradable therefore does not contribute to the carbon dioxide (CO₂) burden and produces drastically reduced engine emissions. In addition to this, biodiesel has a much better lubricant value than petroleum diesel which can help prolong the lifespan of an engine.

We produce biodiesel to the British and European standard BS EN 14214 which is internationally recognised as a benchmark of quality assurance. Our manufacturing facilities have ISCC (International Sustainability Carbon Certification) accreditation, which is the globally recognised assurance of a carbon neutral organisation.

Glycerol

Glycerol is a colourless, sweet, viscous liquid that is often used for sweetening and preserving food, in the manufacture of cosmetics, perfumes, ink and certain glues and cements, as a solvent and automobile antifreeze and in medicine and skin emollients.

For each kilogram of biodiesel produced, approximately 100g of glycerol is generated as a by-product of the transesterification reaction. As such, worldwide production of glycerol is expected to reach 4,600,000 tons in 2020, due to the growth of biodiesel production.

Heating Oil

In addition to road transport fuel, biodiesel can be used as a replacement for the heating oil currently used by facilities companies managing large commercial premises.

Many of the FTSE 250 companies occupy large buildings using heating oil for their hot water heating requirements and emergency electrical generation via onsite generators. These generators have an emissions impact on the operation’s carbon footprint and as a result companies which use them are now obliged to look at how they can improve their carbon footprint or face tax penalties.

We envisage this market has the capability to provide a lucrative revenue stream, as The Oil Firing Technical Association (OFTEC) is currently lobbying for government incentives to help expand the use of bio-liquids in domestic and commercial oil-fired boilers. Their studies show that a 30% blend of bio-liquids and kerosene can be safely used in suitably modified systems, which can reduce carbon emissions by up to 28% compared to using kerosene alone.

By initially targeting the FTSE 250 companies we can offer companies a unique opportunity to improve their carbon footprint and reduce greenhouse gas emissions from their office premises. We will also be offering this solution to local authorities, smaller corporates, and all other users of heating oil.

Feed-In Tariff (FIT)

Introduced by the government in April 2010, the Feed-in Tariff scheme is a programme designed to encourage small-scale renewable and low carbon electricity generation technologies by providing tariffs that would give a degree of financial certainty to eligible generators.

The tariffs are comprised of two elements:

- Generation Tariff: a minimum payable amount for every kWh of electricity generated.
- Export Tariff: payable for every kWh of electricity exported to the National Grid.

The Government department BEIS are responsible for developing the underlying policy including setting the Tariffs.

As an energy generator we are free to negotiate a Power Purchase Agreement (PPA) with independent Utility Providers for a better financial reward. We already have PPA's in place with Limejump Energy Ltd for our current operating sites and we intend to work with them on future generating sites.

Ofgem

Ofgem is the Office of Gas and Electricity Markets, they are a government department whose function is to protect the interests of existing and future electricity and gas consumers. They are responsible for administering aspects of the FIT scheme:

- Running the Central FIT register – the database of all accredited installations
- Processing applications
- Monitoring delpment caps and publishing reports
- Ensuring suppliers comply with the FIT scheme requirements

The FIT scheme policy and tariff rates are set by the (BEIS) and the government has appointed Ofgem to administer these schemes on their behalf.

Haulage and other large use industries

We are in advanced conversations with several large haulage companies looking for non-euro 6 compliant fleets who would benefit from switching to partial use of biodiesel.

The feedback we have received to date is very positive, with companies such as Hayward Solutions and South Eastern Tankers confirming that FutureFuel is their preferred supplier as they play their role in making an environmental change.

Further introductions have resulted from these conversations, and FutureFuel has received an invitation to present a speech at this year's European Recovery Tow Show in September. This is a very exciting opportunity to gain further exposure as amongst the attendees are Highways England, AA, RAC, Green Flag and all the major recovery companies.

Domestic and International Support

At FutureFuel we are not alone in our mission to reduce waste sent to landfill and have received support from counterparts both in the UK and Internationally.

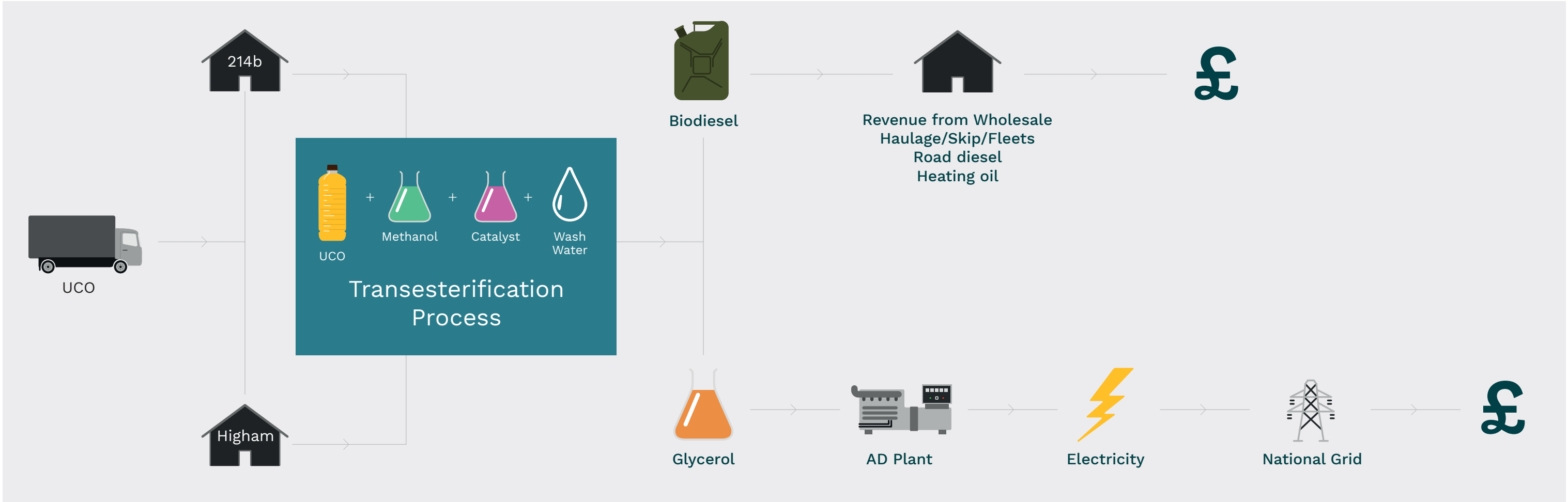
With the support of Kent County Council we have begun working on various incentives including recycling, improving air quality, marketing and awareness and as a result they have also referred FutureFuel to other businesses and divisions that our service and products could benefit.

London recorded 9,400 early deaths in 2016 directly related to air quality and pollution levels. Air quality has now been declared a public health crisis. The London Mayor, Sadiq Khan along with TfL and all London Boroughs are now compelled to prioritise solutions that reduce mortality rates. As a result of this we have been introduced to Mark Whitaker, Head of Operations at TfL.

The potential that 33 London Boroughs offer in terms of biodiesel volume is exceptional. The use of biofuels in the London Taxi trade, municipal vehicles and all out of warranty diesel pollutant vehicles represents a significant reduction in carbon emissions which in turn offer a significant improvement in air quality and public health.

We have also had the pleasure of hosting the Department of International Trade representatives at our Kingsnorth facility and as a result they have introduced us to their counterparts in the Dominican Republic and the Cuba. Our team made several presentations in early September to key decision makers in Cuba including the Head of International Trade, and they are keen to explore how FutureFuel can support them ethically dispose of the vast volumes of UCO the country produces rather than send to landfill.

Our Process



Anaerobic Digestion (AD)

The glycerol produced from processing used cooking oil to biodiesel is used to power a generator, producing electricity.

The electricity we generate will be exported to the National Grid.

BioDiesel

The bio fuel we produce will be sold to a number of businesses that require biodiesel to run their fleet vehicles or bio-liquid to power their oil-fired boilers in commercial premises.

FutureFuel II - Facts and Figures

20 Years

Ofgem fixed price contracts for the purchase of electricity generated for the National Grid from our AD Plant

24/7

Our AD facility will produce electricity 24 hours a day, that is exported directly as a constant source to the National Grid. The power generated will be the same amount every hour, 24 hours a day and 7 days a week.

5 Million Litres of waste UCO

Each of our two processing facilities (Higham and 214b) will be processing approximately 5 million litres of waste UCO per annum that would otherwise be sent to landfill or poured down the drains.

Scalable

Our processing facilities will batch twice a day, 5 days a week, giving us significant capability to maintain a continuous supply of biodiesel.

2,750MT of waste Glycerol

Each year FutureFuel II will process 2.75 million litres of glycerol, this will be used to generate electricity via our AD plant.

Company Group Structure

FutureFuel Management Team

Robert Hart
Managing Director

Prior to joining the FutureFuel team, Robert worked in the construction industry for over 20 years in both the UK and internationally. He has a NEBOSH level 6 National Diploma in Occupational Health and Safety, and brings with him a wealth of management experience.

Robert has been instrumental from inception to completion in the build and delivery of our first processing and generating facilities at Kingsnorth. He has led the planning, build and permit application with governing bodies such as Ofgem and UK Power Networks to successfully deliver and manage our existing processing and generation facilities.

Richard Bushnell
Procurement Director

Richard is an experienced businessman who has held senior positions in the legal industry working with numerous blue chip companies. Prior to this he built his own wine retail company which he sold in 2002. Richard leads the procurement of our international supply of used cooking oil. To date he has secured international contacts at suppliers in Canada, China, South Africa, India, Ukraine and Germany as well as working closely with the Department of Trade and Commerce in Cuba.

Mike Olone
Director of Environment & Sustainability

Mike has spent much of his early career within the corporate sector working on large-scale projects with a particular focus on technical and commercial viability. Following this he has spent several years on the front line of the pollution and clear air debate as a London Taxi driver working to better promote the emissions challenges in London.

Lynda Buchanan
Board Member

Lynda is an outstanding leader, with Managing Director level experience, gained in world-class investment banking firms such as Citibank and Goldman Sachs. Lynda joined Goldman Sachs in 1984 and was an instrumental part of the senior management team throughout their major European growth period. She won the YMCA Academy of New York City Award - International Business Woman of the year.

Tom Bingham
Board Member

Tom is an accomplished entrepreneur and investor who has forged a very successful career in the Marketing sector, working with some of the world's largest brands including Google and Coca-Cola whilst building his own business, The Button Group, which he successfully sold to a NASDAQ listed company. With exceptional business acumen and knowledge of engaging with consumers and clients alike, Tom brings a depth of knowledge to the FutureFuel team.

Liam Ray
Board Member

As Managing Director of a brand incubator, Liam brings to the team his extensive knowledge of what it takes to launch a successful start-up and take an established start-up to market. Liam's broad knowledge of all aspects of this area of industry will be invaluable to the Board and enable them to identify potential hurdles well in advance.

Service Providers

RenEnergy

RenEnergy is our chosen consultancy partner who specialising in Renewable Energy, providing FutureFuel with valuable services to take the project from inception to completion, assisting with technical knowledge, development and administrative challenges.

www.renenergy.co.uk

NCM Fund Services Limited

NCM Fund Services acts for over 180 clients, offering a range of different fund administration services including regulated operator, administration and fund management.

We have appointed NCM Fund Services to act as the Bond Administrator and arrange coupon payments.

www.ncmfundservices.com

Laytons LLP

Laytons LLP is a full service firm of solicitors based in the City of London, providing an extensive range of legal advice to corporate, commercial and private clients.

www.laytons.com

The Bradley Group

As experts in risk training and safety management, The Bradley Group consultancy are appointed to be our Competent Person under H&S legislation, providing advice and review of safety documentation and procedures.

www.thebradleygroup.co.uk

DS Burge & Co

DS Burge is a Surrey based accountancy practice founded in 1980 and has worked with the advisory team for over 20 years.

www.dsburge.co.uk

East Solutions

East are our preferred partners and expert High Voltage Electrical engineers. They have been involved in the construction, operation and maintenance of Private High Voltage Networks. Networks that have been built have been at Wind farms, Solar Farms, Anaerobic Digestion Plants, Factories, MOD sites, Hospitals and Universities.

www.east-solutions.co.uk

FW Power

Fabian Ware and his team at FW Power are a specialist generator company who support FutureFuel in every aspect of the Diesel Generator process from selection, delivery, installation, commissioning, warranty and maintenance scheduling.

www.fwpower.co.uk

How will the money be used?

The money raised through the Bond II offer will provide funds to open and purchase all required equipment for a processing facility at 214b Kingsnorth and a multipurpose processing and AD electricity generation facility at Higham in Kent.

The equipment required will enable us to produce 10 million litres of biodiesel per annum, and connect the AD facilities to the National Grid, allowing us to generate electricity and receive the Feed-in Tariff payments.

Operational capacity of our new facilities:

214b Kingsnorth Industrial Estate

214b Kingsnorth will be solely a processing facility used to convert up to 5,000,000 litres of UCO to biodiesel per annum. The by-products of this transesterification process will be biodiesel and glycerol. The biodiesel will be sold to directly to Hayward Solutions and South East Tankers and the glycerol will be used as feedstock for the Anaerobic Digestion process at our Higham facility

Higham – Nuralite Industrial Park

Our Higham facility will be a multipurpose processing and Anaerobic Digestion electricity generating facility. Like 214b Kingsnorth, it will also process up to 5,000,000 litres of UCO to biodiesel per annum, but in addition to this it will also house our Anaerobic Digestion facility. The glycerol produced from all facilities (at 190, 127, 214a and 214b Kingsnorth and Higham) will be used as feedstock. As a result, the electricity we generate via AD will not require any financial outlay for feedstock and will increase our profitability considerably.

Revenue

We will have two primary sources of revenue, one will be the direct sale of biofuel produced, the second is revenue generated under the Feed-in Tariff scheme for the electricity generated and exported from the Anaerobic Digestion plant.

According to the RAC UK Fuel Prices Report, the wholesale price of diesel was 109.63p per litre in May 2017. In our assumptions, we have forecast a conservative wholesale price of 70p per litre of our biofuel. On this basis, the wholesale of 10 million litres of biofuel produced by 214b and Higham at 70p per litre will produce £7 million of revenue per annum. This represents a 28% profit margin.

We currently have a Power Purchase Agreement in place with Limejump for our existing sites at Kingsnorth. Using this figure of 10.995p per kWh plus the Feed-In Tariff export rate of 5.27p per kWh, our AD plant will receive a combined tariff of 16.266p per kWh.

Our AD plant will have a capped output of 499 kW creating the following revenue:

Time	Revenue
Per Hour	£81.16
24 Hours	£1,947.84
Annual (360 days per annum)	£701,222.40
Ofgem 20 year contract	£14,024,448

Feed-In Tariffs can be found here:

www.ofgem.gov.uk/environmental-programmes/fit/fit-tariff-rates

Annual Projections

The Forecast below represent the Directors assesment of all available factors from two revenue streams which represent the wholesale of BioFuels to industry, and the wholesale of electricity exported to the national grid supported by the Feed-in Tariff scheme.

	Year 1	Year 2	Year 3
Gross Revenue Per annum	£5,542,202	£7,701,286	£7,701,286
Net Revenue Per annum	£1,793,700	£2,703,286	£2,703,286
BioDiesel Production in Litres	7.5m	10m	10m
kW Generated via AD Plant	1,796,400 kW	4,311,360 kW	4,311,360 kW
Development Cost	£4,177,000	N/A	N/A
Operating Costs	£954,500	£1,024,500	£1,024,500
Capital Injection	£5,000,000	N/A	N/A
Annual Debenture Payment 9%	£450,000	£450,000	£450,000
SURPLUS REVENUE	£1,212,202	£1,228,786	£1,228,786

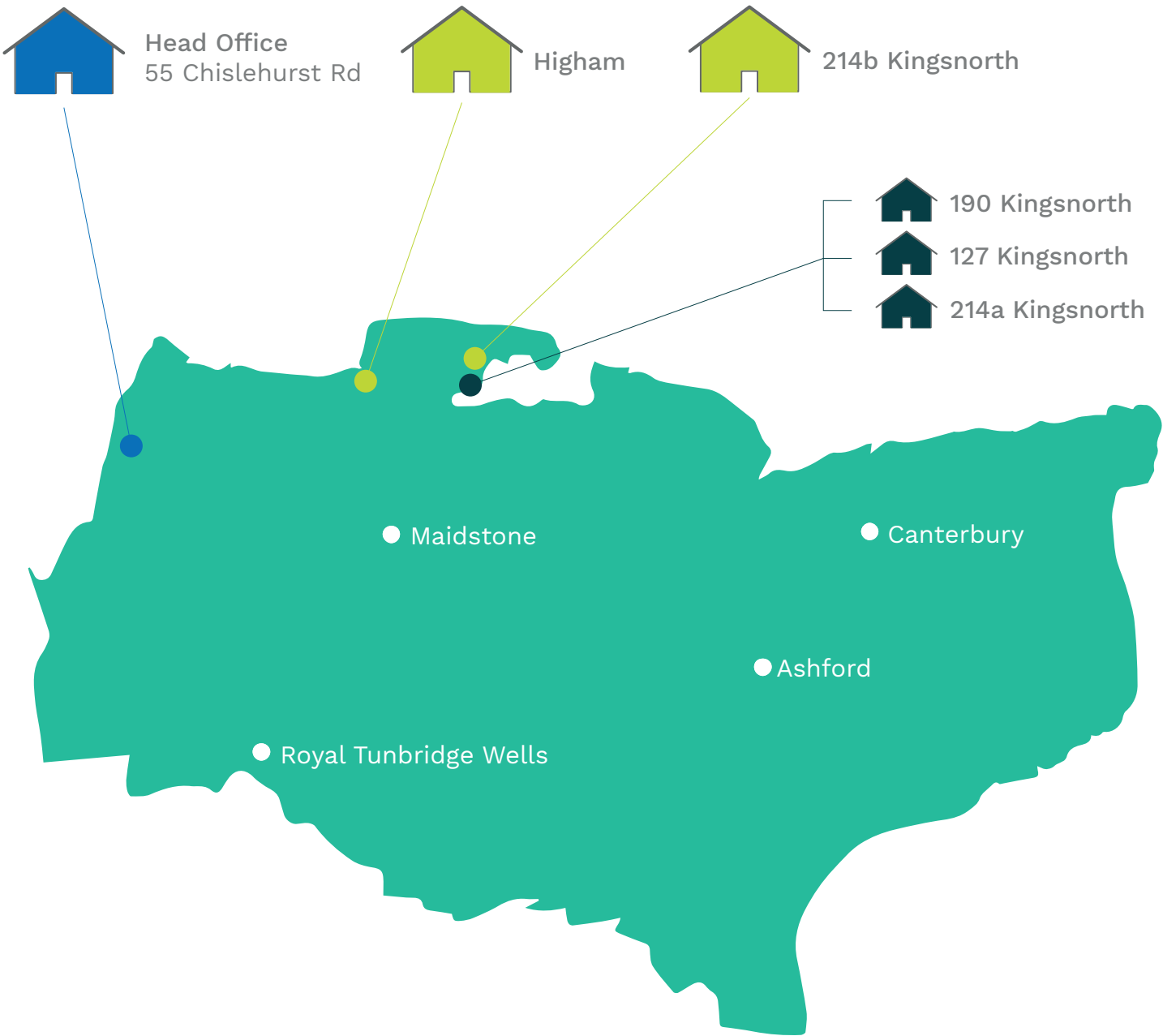
These forecasts, projections and other predictive statements represent FutureFuel's assumptions and expectations in light of currently available information. These forecasts have not been independantly verified and are based on industry trends, circumstances involving clients and other factors, and they involve risks, variables and uncertainties. The Group’s actual performance results may differ from the projected Financial Results. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained above.

Locations

In 2016 FutureFuel opened its first Kingsnorth plants and the Directors plan to utilise the second bond issue to open a further two processing plants in Kent before expanding into other counties surrounding London.

The two further facilities to be funded through the capital raised from this bond issue will be a processing facility at 214b Kingsnorth and the AD plant and processing facility in Higham, Kent.

Following successful establishment in the Kent region, the Directors plan to expand using the same processing business model to other home counties including Sussex, Surrey and Essex.



Risk factors

The Directors consider the following risks to be material for potential investors, but the risks listed below do not necessarily comprise all those associated with this investment and are not set out in order of priority.

Additional risks and uncertainties, currently unknown to the Company (such as changes in legal, regulatory or tax requirements), may also have a materially adverse effect on the Company’s financial condition or prospects.

Non-transferable & illiquid investment

The Bonds are not transferable or negotiable on the capital markets and no application will be made for the Bonds to be admitted for listing or trading on any market. Investment in an unquoted security of this nature, being an illiquid investment, is speculative, involving a high degree of risk. It will not be possible to sell or realise the Bonds until they are repaid by the Company.

The bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). This means if we do not fulfil the terms of the Debenture there is no right to complain to FOS or to get compensation from FSCS. NCM is authorised and regulated by the FCA for the services it provides and any rights to complain to FOS and/or FSCS are detailed in its Terms and Conditions of this document.

There can be no guarantee that:

- we have correctly measured or identified all of the factors affecting us and our revenues or their likely impact;
- publicly available information relating to the factors on which our analysis is based is complete or accurate;
- our analysis is correct; or
- our business, which is based on this analysis, will be successful.

No certainty that Bondholders will be repaid at maturity or receive interest payments

The Bonds are an unsecured debt of the Company and will rank equally with any other unsecured debts of the Company. There is no guarantee that the Company will be able to pay the quarterly interest or to repay the Bonds. If the Company were to become insolvent, there is a risk that (a) some or all of the nominal value of the Bonds will not be redeemed; and (b) some or all of the interest return due on the Bonds will not be paid.

Changes in Political, Environmental, Regulatory, Tax and Legislation

The renewable energy generation industry is subject to EU, national and regional regulatory oversight, such as national and local regulations relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. These regulations and policies have been modified in the past and may be modified in the future. The regulations applicable to the generation of electricity from renewable energy sources may be subject to modifications that may be more restrictive or unfavourable including but not limited to the Renewables Obligation, Feed-in Tariff Administration, Feed-in Tariff with Contract for Difference and Feed-in Tariff Levelisation. The Directors will actively review these changes throughout the process of Brexit.

Dependence on key personnel

The Company believes that its future success will greatly depend upon the expertise and continued services of certain key executives, technical personnel, and other senior management. The Company cannot guarantee the retention of such key executives and industry specialist personnel.

Construction delays or cost overruns on projects

The Company is exposed to matters both within and beyond its control during the development of any project whilst any construction project can be susceptible to delays or cost overruns.

The risk of delay due to planning consent or grid access

The ability for a development site to receive timely planning consent will be dependent on local policy, the local political landscape and the local planning officer. This will differ region by region, and will also be affected by the number of other applications in a region’s pipeline. The ability for new development sites to connect to the grid in a timely manner is reliant on the investment strategy of the local distribution companies and the regulatory framework set out by OFGEM.

Security of supply

The Company’s ability to buy and sell energy and to balance the position between the demand of its customers and the supply from its power purchasing is affected by the overall liquidity in the market and the ability for the Company to place credit and purchase agreements/contracts and sell power. The Company is also taking steps to increase the number of trading parties it can work with and the flexibility of credit it can put in place. In addition to this, energy prices are volatile and the Company may be subject to changes in wholesale electricity prices on a day-to-day basis which may negatively affect the Company.

Competition risks

Given the potential for growth in the UK renewable energy market, it is likely that the Company will face increasing competition from businesses which may have greater capital and other resources and which may be able to provide better services or adopt more aggressive pricing policies. Such competition may have a substantial adverse effect on the Company’s business, financial condition, trading performance and prospects.

Estimates and Projections

Where we have made estimates or projections of our anticipated revenues, costs, or inflation these are based on our current assumptions at the date of this Offer Document– we won’t necessarily update them. These statements may involve known or unknown risks, uncertainties and other important factors which could cause our actual results, performance or achievements to differ from those we expect. In particular, while we believe that any predictions or forecasts we give are reasonable and based on reasonable assumptions supported by objective data, they may be affected by risks and other factors not set out in this document and therefore are not reliable indicators of future performance.

Loss of licence

In the event that any of the Company’s licences were to be suspended or revoked, or the Company was no longer party to one of the relevant industry documents referred to above (for example as a result of an event of default by the Company), this could have a material impact on the Company’s business, financial condition or results of operations.

Unforeseen factors and developments

The Company’s ability to implement its business strategy may be adversely affected by factors that it cannot currently foresee, such as unanticipated costs and expenses, technological change or severe economic downturn. All of these factors may necessitate changes to the business strategy described in this Invitation Document.

Risk factors

Sourcing UCO

The initial concept for FutureFuel was to source domestically derived used cooking oil by encouraging local residents to recycle using bottle banks which we proposed would be located in local council and supermarket car parks. We went as far as partnering with a recycled plastic manufacturer and designing a bespoke bottle and bottle bank, exclusive to FutureFuel. Although this was extremely well received by a number of councils, including Medway County Council (the local council for the area in which our first three sites in Kent are situated), this was not viable in the short term as we could not guarantee the required supply.

As a bond issuer, we have a duty to our investors to be able to meet the required demand for used cooking oil for each of our sites to ensure that we run at capacity and deliver the revenue projected. As sourcing domestically recycled cooking oil cannot guarantee us the continuous supply required at present, we have secured commercial agreements with UCO providers both in the UK and internationally.

As an accredited ISCC member we source our UCO from suppliers that share our belief in providing only sustainable products. Therefore, our two preferred suppliers from the UK and Canada, can provide a proof of origin for each litre of UCO we purchase. Additionally, we continue to expand a potential recycling collaboration with both the Cuban and Dominican Republic governments.

The longer-term objective for the business is to source local domestic UCO. As this supply increases we will then reduce the reliance on international UCO.

Insurances

We, or a contractor, may, where economically practicable and available, endeavour to mitigate some of the project risks by procuring relevant insurance cover. However, such cover may not always be available or economically justifiable, or the policy provisions and exclusions may render a particular claim outside the scope of the insurance cover. There will also remain the risk that an insurer defaults on a legitimate claim.

Currency

All investors will be receiving cash returns from the Bond in GBP Sterling so any non-UK investor may be exposed to currency risk if they need to exchange GBP Sterling for another currency.

National Grid

There may be changes to National Grid’s licence or to its strategy which result in a change to the way it sets charges and to the services it uses to balance the electricity system including but not limited to Short Term Operating Reserve and Triads which might impact how we generate revenues and therefore impact on an investment in the Bonds.

The level of inflation

We have assumed an RPI of 1% for the first 5 years of the Debenture reflecting the recent period of low inflation rising to 2.8% for the final 2 years. 2.8% is in line with the Bank of England’s Consumer Price Index inflation target of 2% and the conclusions of the Office for Budget Responsibility in their November 2011 Working Paper, ‘The long-run difference between RPI and CPI inflation’. It should be noted that the RPI is a measure of the level of inflation in the UK and is likely to differ from the level of inflation outside the UK.

General contractual risks

We are reliant for some services on third party providers. Whilst we are thorough in checking who we work with and in ensuring proper contractual arrangements are in place, we cannot guarantee that those providers will perform their contractual obligations adequately. Pursuing providers for breach of contract can result in delays and legal expenses. Any supplier or partner can undergo insolvency or restructuring procedures which may affect whether or not they can perform their obligations.

Insolvency or restructuring risk

The Issuer together with any supplier, partner, customer or contractor on the project can be the subject of insolvency or restructuring procedures which may affect whether or not they or we can perform their obligations. This may also mean that, in relation to suppliers or contractors, we are unable to secure the same level of service at the same price resulting in greater costs.

Force Majeure

There is always the possibility that an event could occur that is completely out of our control and completely unexpected which may adversely affect our business and/or our ability to perform our obligations under the Bonds. This includes events such as natural disasters or acts of terrorism.

FAQ's

Why use Used Cooking Oil?

UCO is a waste product that in most households is typically poured down drains (resulting in great cost to utilities providers and local councils to repair damage and blockages) or sent to landfill. Our solution at FutureFuel converts this waste product into biodiesel and glycerol, allowing us to create both an alternative to fossil fuels and to generate electricity from the glycerol, all without creating any harmful emissions.

How is the used cooking oil converted into biodiesel?

The process used to convert refined used cooking oil to biodiesel is called transesterification.

Why is biodiesel good for the environment?

Used Cooking Oil (UCO) can be used in the production of biodiesel. This is a waste product that would otherwise either be sent to landfill or disposed of down drains. Furthermore, because it does not produce harmful emissions it actively helps to lower the amount of greenhouse gas that we release into the atmosphere.

What's the difference between biodiesel and road diesel?

Road diesel is made from petroleum and emits large amounts of sulphur and other toxins into the atmosphere when combusted. Biodiesel is made from organic material, is biodegradable and does not emit sulphur or other toxins when combusted.

Is the production of biofuel sustainable?

Yes, biodiesel can be made from any type of waste or new oil such as sunflower, rapeseed, canola, soybean and olive and as such is fully sustainable as a feedstock in the production of biodiesel.

What is glycerol?

A colourless, sweet, thick liquid produced as a by-product of the transesterification process

What is Anaerobic digestion?

A biological processes in which microorganisms break down biodegradable material in the absence of oxygen. One of the end products is biogas, which is combusted to generate electricity

Why use glycerol to produce electricity?

When producing biodiesel we create glycerol as a byproduct, rather than dispose of this we are able to create electricity from a renewable source, and the feedstock is free.

What types of incentives are offered for this type of renewable energy?

There are a number of different government-backed schemes available such as the Feed-In Tariff (FiT), which is administered by Ofgem. These pay index linked set rates for the renewable energy produced which are guaranteed for the 20 years.

At what price do you sell the electricity to the National Grid?

Under the FIT we receive 5.27p per kWh as an export rate plus an additional 10.99p per kWh from our Power Purchase Agreement with Limejump. This gives us a combined rate of 16.266p per kWh. This will provide £81.17 per hour for our combined generation and export rates from our 499 kW AD generator.

Where will FutureFuel be based?

FutureFuel's current operating facilities are based at Kingsnorth Industrial Estate in Kent. We plan to open a further processing facility at Kingsnorth and the AD plant at Higham in Kent.

Do you have any direct competitors?

There are a small number of companies based in the UK that also produce biofuel from UCO but given the demand to reduce our reliance on fossil fuels the scope for growth in the next 20 years is exponential.

Will FutureFuel have difficulty obtaining further commercial premises and planning permission?

The business of processing UCO into biodiesel then generating electricity for export to the grid is an industrial process and while it is our intention to keep noise and vibration etc., well within lawful limits the proposed location of any potential plant needs the utmost consideration. To that end, only sites located within designated industrial zones and away from residential areas will be considered, thereby reducing to an absolute minimum the potential opposition to any future planning applications.

Bond Summary

Issuer of the Bond: FutureFuel Renewables II Plc

What is the rate of return? 9% gross effective rate of per annum

Target Amount: £5,000,000

Minimum individual investment amount: £5,000

Subscription opening date: 15th September 2017

Subscription closing date: 6th September 2018 or the date that valid subscriptions totalling the Target Amount have been received (the “Closing Date”) whichever occurs first. Subscriptions are made on a “first come, first served” basis. However, the Directors have the option to extend the Closing Date at their discretion.

Investment Lifecycle? 5 years, with a maturity date of 14th September 2022 (the “maturity”)

Capital Repayment Date: Full capital repayment will be made at the end of the 5-year Bond. The Bond matures on 14th September 2022.

What type of investment? A Bond, which is an unsecured debt obligation, equivalent to a type of loan from you to FutureFuel Renewables II Plc.

Investment Return: FutureFuel II Bonds will pay a fixed interest rate of 9% gross per annum. The first year’s pro-rata interest payment will be made 14th September 2018 and thereafter quarterly or annually for the remaining 4 years.

How much can I invest? Minimum investment amount is £5,000, bonds can be issued in multiples of £1,000.

How will my money be used? To fund the opening of FutureFuel Operations 214b Ltd (10928700) and FutureFuel Operations Higham Ltd (10933289) which are both operating subsidiaries for FutureFuel Holdings Ltd.

How do I subscribe? Request a subscription pack from bond@futurefuelplc.com

Our Bond Timetable

- 15th September 2017 – FutureFuel Renewables II Plc Bond open for subscription
14th September 2018 – Bondholders first pro-rata interest payment
- 14th December 2018 – Bondholders quarterly interest payment
14th March 2019 – Bondholders quarterly interest payment
14th June 2019 – Bondholders quarterly interest payment
14th September 2019 – Bondholders quarterly interest payment
- 14th December 2019 – Bondholders quarterly interest payment
14th March 2020 – Bondholders quarterly interest payment
14th June 2020 – Bondholders quarterly interest payment
14th September 2020 – Bondholders quarterly interest payment
- 14th December 2020 – Bondholders quarterly interest payment
14th March 2021 – Bondholders quarterly interest payment
14th June 2021 – Bondholders quarterly interest payment
14th September 2021 – Bondholders quarterly interest payment
- 14th December 2021 – Bondholders quarterly interest payment
14th March 2022 – Bondholders quarterly interest payment
14th June 2022 – Bondholders quarterly interest payment
14th September 2022 – Bond maturity, final interest payment & capital repayment

*Should above dates fall on a weekend or bank holiday, interest payments will be made on the following business day.

FutureFuel Renewables II Plc

Bond Instrument

THIS SECTION IS IMPORTANT AND REQUIRES YOUR ATTENTION

FutureFuel Renewables II Plc Bonds are not covered by the Financial Services Compensation Scheme.

THE CONTENT OF THIS FINANCIAL PROMOTION HAS BEEN APPROVED, FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, BY NCM FUND SERVICES LTD, WHICH IS AN AUTHORISED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000. RELIANCE ON THIS FINANCIAL PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE CASH INVESTED.

THIS INSTRUMENT TOGETHER WITH THE SCHEDULES AND THE ADMINISTRATIVE AGREEMENT APPLY TO YOUR SUBSCRIPTION FOR FUTUREFUEL BONDS AND BY MAKING AN APPLICATION FOR THE FUTUREFUEL BONDS YOU AGREE TO BE BOUND BY THEM.

THIS DEED is made on the 15th day of September 2017 by:

FUTUREFUEL RENEWABLES II PLC incorporated and registered in England and Wales with company number 10073242 whose registered office is at 55 Chislehurst Road, Chislehurst, United Kingdom, BR7 5NP (the Issuer).

BACKGROUND

(A) The Issuer has, by resolution of its board of directors passed on 10th September 2017, resolved to create up to a maximum nominal amount of £5,000,000 9% fixed rate unsecured bonds, to be constituted in the manner set out below.

(B) The Bonds will be administered by the Bond Administrator in accordance with the terms set out in the Administrative Agreement. The Bond Administrator will maintain the Bondholder Register.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 The definitions and rules of interpretation in this clause apply in this instrument.

Administrative Agreement: the administrative agreement made between the Issuer and the Bond Administrator of NCM Fund services.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Bondholder or Bondholders: each person for the time being entered in the Register as a holder of any Bonds.

Bonds: up to £5,000,000 9% fixed rate unsecured bonds

constituted by this instrument or, as the case may be, the amount of such Bonds for the time being issued and outstanding.

Bond Administrator: NCM Fund Services Limited a company registered in Scotland (registered number SC166074) having its registered office at 7 Melville Crescent, Edinburgh EH5 7JA.

Certificate: a certificate for any Bonds issued by the Issuer in accordance with clause 7, in the form (or substantially the form) set out in Schedule 1.

Conditions: the conditions set out in Schedule 2 as from time to time amended and condition shall be construed accordingly.

Directors: the board of directors of the Issuer for the time being.

Event of Default: any of those events specified in clause 9.

Group: the Issuer and any subsidiary or holding company from time to time of the Issuer, and any subsidiary from time to time of the Issuer's holding company (and the expression member of the Group shall be construed accordingly).

Issue Date: in relation to any Bonds, the date of issue of such Bonds as shown on the first Certificate representing such Bonds.

Register: the register of Bondholders kept and maintained by the Issuer or the Bond Administrator (as the case may be) in accordance with clause 8.

Repayment Date: 14th September 2022

Special Resolution: a resolution passed at a meeting of

the Bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority consisting of not less than 75% of the persons voting at such meeting on a show of hands or, if a poll is demanded, by a majority consisting of not less than 75% of the votes given on such poll.

Threshold Amount: the issuance of Bonds to Bondholders totaling £100,000 in aggregate.

1.2 Any reference in this instrument to:

(a) the assets of any person shall be construed as a reference to all or any part of its business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital;

(b) an encumbrance shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

(c) indebtedness shall be construed as a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

(d) this instrument or to any other instrument, agreement or document shall, unless the context otherwise requires, be construed as reference to this instrument or such other instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

(e) a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day that is not a Business Day, it shall end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month;

(f) A person includes a natural person, corporate or unincorporated body (whether or not having separate

legal personality).

(g) repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly;

(h) A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of: (i) another person (or its nominee), by way of security or in connection with the taking of security; or (ii) its nominee.

(i) tax shall be construed so as to include any present and future tax, levy, impost, deduction, withholding, duty or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

(j) the winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business; and

(k) £ denotes the lawful currency of the United Kingdom.

1.3 References to any statute or statutory provision:

a) shall be construed as a reference to it as it is in force as at the date of this instrument.

(b) shall include all subordinate legislation made as at the date of this instrument under that statute or statutory provision.

1.4 In construing this instrument general words introduced by the word other shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word including shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.5 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity

or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

1.6 References to the Bonds include references to all and/or any of the Bonds.

1.7 Clause, Schedule and paragraph headings shall not affect the interpretation of this instrument.

1.8 References to clauses and Schedules are to the clauses of and Schedules to this instrument and references to paragraphs are to paragraphs of the relevant Schedule.

1.9 The Schedules (including, for avoidance of doubt, the Conditions) form part of this instrument and shall have effect as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.

2. AMOUNT OF BONDS

2.1 The aggregate principal amount of the Bonds is limited to £5,000,000.

2.2 The Issuer may at its sole discretion commence applying the funds raised by the Bonds in connection with its business once the Threshold Amount has been reached but not sooner.

3. DESCRIPTION OF BONDS

3.1 The Bonds shall be known as FutureFuel II Bonds and shall be issued in integral multiples of £1,000 by the Issuer.

3.2 The maximum amount of FutureFuel II Bonds that can be issued to a Bondholder shall be £500,000 and the minimum amount of FutureFuel II Bonds that can be issued to a Bondholder shall be £5,000.

4. STATUS OF BONDS

The FutureFuel II Bonds when issued shall rank pari passu equally and rateably without discrimination or preference among themselves and as an unsecured obligation of the Issuer.

5. REPAYMENT OF BONDS

5.1 When the FutureFuel II Bonds become payable in accordance with the provisions of this instrument, the Issuer shall pay to the Bondholders the full principal amount of the FutureFuel II Bonds to be repaid together with any accrued interest on such FutureFuel II Bonds (less any tax which the Issuer is required by law to deduct or withhold from such payment) up to and including the date of payment.

5.2 All payments under this instrument, whether of principal, interest or otherwise, shall be made by the Issuer to the Bondholders entitled to such payments or to the account of the Bond Administrator as provided in paragraph 5 of Schedule 3.

5.3 Where any payment to a Bondholder, whether of principal, interest or otherwise, is due in accordance with the terms of this instrument on a day that is not a Business Day, payment shall take place on the next succeeding Business Day. If that next succeeding Business Day is in the month following the month in which payment would otherwise be made, payment shall take place on the immediately preceding Business Day.

6. INTEREST ON FUTUREFUEL BONDS

Until the FutureFuel II Bonds are repaid in accordance with the provisions of this instrument, interest shall accrue and be paid on the principal amount of the FutureFuel II Bonds which are outstanding at the rate and in the manner set out in the Conditions.

As a general rule, UK domestic law requires companies making payments of interest to withhold tax at 20%. You will receive confirmation of this deduction for inclusion in your tax returns.

7. CERTIFICATES

7.1 Each certificate for FutureFuel II Bonds shall:

- (a) bear a denoting number;
- (b) be issued to a Bondholder in the form (or substantially in the form) set out in Schedule 1 and shall be executed by the Issuer in accordance with the Companies Act 2006; and

(c) have the Conditions endorsed on or attached to it.

7.2 Each Bondholder shall be entitled to receive without charge one certificate for the FutureFuel II Bonds registered in his name.

7.3 The Issuer shall not be bound to register more than four persons as the joint holders of any FutureFuel II Bonds and, in the case of FutureFuel II Bonds held jointly by several persons, the Issuer shall not be bound to issue more than one certificate. Delivery of a certificate to the person who is first named in the Register as Bondholder shall be sufficient delivery to all joint holders of the FutureFuel II Bonds in respect of which such certificate has been delivered.

8. REGISTER

8.1 The Issuer or the Bond Administrator (as the case may be) shall, at all times, keep a Register at its respective registered office (or at such other place as the Issuer or the Bond Administrator may from time to time have appointed for the purpose and have notified to the Bondholders).

8.2 The Register shall contain the following details:

- (a) the names and addresses of the Bondholders for the time being;
- (b) the principal amount of the FutureFuel II Bonds held by each Bondholder;
- (c) the date at which the name of each Bondholder is entered in respect of the FutureFuel II Bonds registered in his name;
- (d) the date of issue of each Bond; and
- (e) all transfers and changes of ownership of the FutureFuel II Bonds.

8.3 Any change of name or address by any Bondholders that is notified to the Issuer or the Bond Administrator at its respective registered office address above shall be entered in the Register.

8.4 Any Bondholders may, on reasonable notice, request a copy of the Register.

9. DEFAULT

The following are Events of Default:

- (a) Insolvency: The Issuer (or is deemed by law or a court to be) insolvent or a winding up order is issued by a court of competent jurisdiction in respect of the Issuer;
- (b) Enforcement proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of the Issuer or any member of the Group and is not discharged or stayed within 60 days;
- (c) Winding-up: A winding up order is issued by a court of competent jurisdiction in respect of the Issuer (other

than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or a court order for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;

(d) Analogous proceedings: Anything analogous to or having a substantially similar effect to any of the events specified in clause 9(a) to clause 9(c) inclusive shall occur under the laws of any applicable jurisdiction; and

(e) Illegality: It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

10. ACCELERATION

If, at any time and for any reason, any Event of Default has occurred and persisted for a period of 60 days, the Bondholders or the Bond Administrator (as the case may be) may by Special Resolution or by written notice to the Issuer from Bondholders holding more than 50% in nominal value of the FutureFuel II Bonds then issued and outstanding, at any time while such Event of Default remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all FutureFuel II Bonds, all unpaid accrued interest and any other sum then payable on such FutureFuel II Bonds shall become due and payable immediately. If the Bondholders give such a direction under this clause, then the principal amount of all FutureFuel II Bonds, all unpaid accrued interest and any other sum then payable on such FutureFuel II Bonds (in each case less any applicable taxes) shall be immediately due and payable by the Issuer and the Issuer shall immediately pay or repay such amounts to the Bondholders.

11. NON-CONVERSION

Neither the principal amount of the FutureFuel II Bonds nor any interest thereon shall be capable of conversation into shares or other securities in the Issuer.

12. TRANSFER

12.1 Subject to clause 12.2, the FutureFuel II Bonds are not transferable in whole or in part by the Bondholders or the Issuer and shall not be capable of being dealt in or negotiated on any stock exchange or other recognised or capital market in the United Kingdom or elsewhere and neither the Issuer nor its Directors shall approve or arrange or participate in any transfer of the FutureFuel II Bonds whether by registration or otherwise.

12.2 Where the FutureFuel II Bonds are held by a person

as a nominee for another person who is the beneficial owner of the FutureFuel II Bonds, then the Directors will agree to a transfer of the FutureFuel II Bonds in whole from one nominee to another nominee provided always that (i) the beneficial owner of the FutureFuel II Bonds does not change (ii) any nominee is not a natural person (iii) the Directors are provided with such evidence as they may reasonably require to satisfy themselves that the beneficial ownership of the FutureFuel II Bonds has not changed and (iv) the Directors are provided with such evidence as they may reasonably require for the new nominee to be registered as the holder of such FutureFuel II Bonds.

13. THE BOND ADMINISTRATOR

13.1 Pursuant to and subject to the terms of the Administration Agreement, the Bond Administrator shall:

- (a) require prospective Bondholders to provide such information as it thinks necessary or appropriate in order to comply with any applicable anti-money laundering regulations, and carry out anti-money laundering verification and customer due diligence;
- (b) receive and process all application forms and subscription payments by cheque made payable to the Issuer’s bank account for FutureFuel II Bonds and, where it believes a prospective Bondholder’s application to be in order, confirm that belief to the Issuer’s Directors;
- (c) maintain the Register;
- (d) dispatch, to all such Bondholders as are entitled to receive them, their interest payments in accordance with this instrument;
- (e) receive and deal with Bondholder correspondence on behalf of the Issuer; and
- (f) deal with any complaints from Bondholders in accordance with its policies from time to time.

14. NO SET-OFF

All amounts due under this instrument from the Issuer to the Bondholders shall be paid in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

15. MEETING OF BONDHOLDERS

The provisions for meetings of the Bondholders set out in Schedule 4 shall be deemed to be incorporated in this instrument and shall be binding on the Issuer and the Bondholders and on all persons claiming though or under them respectively.

16. ENFORCEMENT

16.1 From and after the date of this instrument and so long as any amount is payable by the Issuer in respect of the FutureFuel II Bonds, the Issuer undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.

16.2 The FutureFuel II Bonds shall be held subject to and with the benefit of the provisions of this instrument, the Conditions and the schedules (all of which shall be deemed to be incorporated in this instrument), and the Administrative Agreement. All such provisions shall be binding on the Issuer and the Bondholders and all persons claiming through or under them respectively, and shall enure for the benefit of all Bondholders, their personal representatives, successors and permitted assigns.

16.3 Except as expressly provided in clause 16.4, no one other than a party to this instrument shall have any rights to enforce any of its terms.

16.4 This instrument and the FutureFuel II Bonds are enforceable by each Bondholder and their personal representatives, successors and permitted assigns.

17. MODIFICATION

The provisions of this instrument and the Conditions and the rights of the Bondholders may from time to time be modified, abrogated or compromised in any respect (including in any manner set out in paragraph 16.1 of Schedule 4) with the sanction of a Special Resolution and with the consent of the Issuer.

18. GOVERNING LAW AND JURISDICTION

18.1 This instrument and the FutureFuel II Bonds and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with any of them or their subject matter or formation shall be governed by, and construed in accordance with, the law of England and Wales.

18.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this instrument or any FutureFuel II Bond or their subject matter or formation.

This instrument has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule 1
Form of Bond

Certificate No. [NUMBER]
Date of Issue [DATE]
Amount £[AMOUNT]

FUTUREFUEL II BONDS

Created and issued pursuant to a resolution of the board of directors of the Issuer
passed on 10th September 2017

THIS IS TO CERTIFY THAT [NAME OF BONDHOLDER] is the registered holder of £[AMOUNT]
of the £5,000,000 9% fixed rate unsecured FutureFuel II Bonds constituted by an instrument entered into
by the Issuer on 15th September 2017 (Instrument).

Such FutureFuel II Bonds are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed hereon.

- 1. The FutureFuel II Bonds are repayable in accordance with Condition 1.
- 2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the FutureFuel II Bonds comprised in it, can be registered or any new certificate issued in exchange.
- 3. Any change of address of the Bondholder(s) must be notified in writing signed by the Bondholder(s) to the Issuer at its registered office from time to time or to the Bond Administrator.
- 4. The FutureFuel II Bonds are non-transferable.
- 5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.
- 6. The FutureFuel II Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
- 7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the FutureFuel II Bonds or their subject matter or formation (including non-contractual disputes or claims).
- 8. A copy of the Bond Instrument is available for inspection at the registered office of the Issuer.

Schedule 1
Form of Bond

Executed as a deed by FUTUREFUEL RENEWABLES
II PLC acting by Robert Hart, a director, and Josh
Brandon, a director:

Date

Robert Hart
Director

Josh Brandon
Director

Schedule 2

The Conditions

1. REPAYMENT

On the Repayment Date, the Issuer shall redeem the principal amount of FutureFuel II Bonds issued on the date of this instrument. Any redemption of the FutureFuel II Bonds under this Condition 1 shall be made pro rata to the holdings of all Bondholders, together with accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant FutureFuel II Bonds up to (and including) the date of such repayment by the Issuer.

2. VOLUNTARY EARLY REPAYMENT

2.1 The Issuer may at any time, by giving the Bondholders not less than one month's written notice, repay the principal amount of all or a portion of the FutureFuel II Bonds on the date specified in such notice.

2.2 The Issuer shall also pay to the Bondholders all unpaid interest accrued on the FutureFuel II Bonds to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).

2.3 Any payment made under the provisions of Condition 2.1 shall be treated as reducing the amount of the repayments under Condition 1 proportionately.

2.4 Any redemption of the FutureFuel II Bonds under the provisions of Condition 2.1 shall be made pro rata to the holdings of all Bondholders.

3. CANCELLATION

All FutureFuel II Bonds repaid, prepaid or purchased by the Issuer shall be cancelled and the Issuer shall not reissue the same.

4. PAYMENT OF INTEREST

4.1 The following definitions apply in these Conditions.

Interest Payment Date: the date being (i) 14th September and (ii) thereafter the 14th day of every December, March, June, and September provided that it is a Business Day, (but if it is not a Business Day, then the next Business Day) up to and including the date on which the FutureFuel II Bonds are finally redeemed.

Interest Period: each period for which interest is calculated and payable on the FutureFuel II Bonds as determined in accordance with paragraph 4.3 of these Conditions.

4.2 The Issuer shall pay interest on the principal amount of the FutureFuel II Bonds outstanding from time to time at the rate specified in paragraph 4.4 of these Conditions. Such interest shall be paid to the Bondholders or the Bond Administrator (as the case may be) in cash, in arrear on each Interest Payment Date (subject to paragraph 2 of these Conditions and clause 10 of the Bond Instrument) in respect of the Interest Period ending on that Interest Payment Date.

4.3 The first Interest Period shall be the period commencing on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date. Each subsequent Interest Period shall be the period commencing on (and including) the last day of the previous Interest Period and ending on (but excluding) the next following Interest Payment Date provided that if an Interest Period would otherwise end after any FutureFuel II Bonds become repayable under these Conditions, then that Interest Period shall be shortened in relation to such FutureFuel II Bonds so as to end on the due date for repayment of such FutureFuel II Bonds and the accrued unpaid interest on such FutureFuel II Bonds shall be paid on such repayment date.

Schedule 2

The Conditions

4.4 The interest rate for each Interest Period shall be the percentage rate per annum which is determined by the Issuer to be 9% per annum. Interest on the FutureFuel II Bonds shall accrue daily and be calculated on the basis of a 365 day year by reference to the number of days elapsed in the relevant Interest Period.

4.5 Interest on any FutureFuel II Bonds repaid by the Issuer in accordance with these Conditions shall cease to accrue from the date of such repayment.

5. DEALINGS

The FutureFuel II Bonds shall not be capable of being dealt in or on any stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any stock exchange for permission to deal in or for an official or other quotation for the FutureFuel II Bonds.

6. NOTICES

Any Bondholder described in the Register as being at an address outside the United Kingdom but who shall from time to time give to the Issuer an address within the United Kingdom at which any notice may be served upon him shall be entitled to have notice served on him at such address. Save as otherwise provided in this Condition 6, no Bondholder other than a Bondholder described in the Register as being at an address within the United Kingdom shall be entitled to receive any notice.

Schedule 3

Provisions as to registration, transfer and other matters

1. RECOGNITION OF BONDHOLDER AS ABSOLUTE OWNER

The Issuer shall recognise as absolute owner the registered holder of any FutureFuel II Bonds. The Issuer shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any FutureFuel II Bonds may be subject. The receipt of the registered holder for the time being of any FutureFuel II Bonds or, in the case of joint registered holders, the receipt of any of them, for the principal payable in respect of such FutureFuel II Bonds and for the interest from time to time accruing due in respect of such FutureFuel II Bonds or for any other moneys payable in respect of such FutureFuel II Bonds shall be a good discharge to the Issuer notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such FutureFuel II Bonds, interest or moneys. The Issuer shall not be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any FutureFuel II Bonds.

2. TRANSFERABILITY OF FUTUREFUEL BONDS

The FutureFuel II Bonds are non- transferable in whole or in part except in accordance with clause 12.2 of the Bond Instrument.

3. RECOGNITION OF PERSONAL REPRESENTATIVES

The executors or administrators of a deceased Bondholder (not being one of several joint registered holders) and in the case of the death of one or more of several joint registered holders the survivor or survivors of such joint registered holders, shall be the only person(s) recognised by the Issuer as having any title to such FutureFuel II Bonds.

4. TRANSMISSION OF FUTUREFUEL BONDS

Any person who becomes entitled to any of the FutureFuel II Bonds as a result of the death or bankruptcy of any Bondholder, or of any other event giving rise to the transmission of such FutureFuel II Bonds by operation of law may, upon producing such

evidence that he sustains the character in respect of which he proposes to act under this Condition or of his title as the Directors shall think sufficient, be registered himself as the holder of such FutureFuel II Bonds. The Issuer may retain any payments paid upon any such Bonds which any person under this provision is entitled to, until such person is registered as the holder of such FutureFuel II Bonds.

5. PAYMENT OF INTEREST AND PRINCIPAL

5.1 The payments of principal, interest or other sums payable in respect of the FutureFuel II Bonds may be paid by:

(a) electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Bond Administrator in writing to the Issuer; or

(b) electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Bondholder or joint Bondholders in writing to the Issuer or the Bond Administrator; or

(c) in the absence of such notification, by cheque, warrant or bankers' draft made payable to and sent to the registered address of the Bondholder or in the case of joint registered holders, made payable to the order of and sent to the registered address of that one of the joint registered holders who is first named on the Register or made payable to such person and sent to such address as the registered holder or all the joint registered holders may in writing direct.

5.2 Every such cheque, warrant or bankers' draft shall be sent on the due date for payment and may be sent through the post at the risk of the registered Bondholder or joint registered holders. Payment of the cheque, warrant or bankers' draft shall be a good discharge to the Issuer.

Schedule 3

Provisions as to registration, transfer and other matters

5.3 All payments of principal, interest or other moneys to be made by the Issuer shall be made after any deductions or withholdings for or on account of any present or future taxes required by law to be deducted or withheld from such payments.

5.4 Payment of capital and/or interest to the account specified by the Bond Administrator will constitute a good and effective discharge to the Issuer.

6. RECEIPT OF JOINT HOLDERS

If several persons are entered in the Register as joint registered holders of any FutureFuel II Bonds then without prejudice to the provisions of paragraph 5 the receipt of any one of such persons for any interest or principal or other moneys payable in respect of such FutureFuel II Bonds shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such FutureFuel II Bonds.

7. REPLACEMENT OF CERTIFICATES

If the Certificate for any FutureFuel II Bonds is lost, defaced or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require. In the case of defacement the defaced Certificate shall be surrendered before the new Certificate is issued.

8. NOTICE TO BONDHOLDERS

Any notice or other document (including Certificates for FutureFuel II Bonds) may be given or sent to any Bondholder by sending the same by post in a prepaid, first-class letter addressed to such Bondholder at his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by him to the Issuer for the giving of notice to him. In the case of joint registered holders of any FutureFuel II Bonds a notice given to the Bondholder whose name stands first in the Register in respect of such FutureFuel II Bonds shall be sufficient notice to all joint holders. Notice may be given to the persons entitled to any FutureFuel II Bonds as a result of the death or

bankruptcy of any Bondholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or trustees of such Bondholder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

9. NOTICE TO THE ISSUER

Any notice or other document (including Certificates for FutureFuel II Bonds and transfers of FutureFuel II Bonds) may be given or sent to the Issuer by sending the same by post in a prepaid, first-class letter addressed to the Issuer at its registered office for the time being.

10. SERVICE OF NOTICES

Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom.

11. LIABILITY FOR LOSS

The Issuer shall not be liable for any loss, cost, expense or damage suffered or incurred by the Issuer and/or the Bond Administrator as a direct or indirect result of, or in connection with any communication sent by the Issuer or Bond Administrator to the Bondholders or received by the Issuer or Bond Administrator from the Bondholders which has not been received or which has been corrupted, interrupted, intercepted or altered.

Schedule 4

Provisions for meetings of Bondholders

1. CALLING OF MEETINGS

The Issuer may at any time and shall on the request in writing signed by Bondholders holding more than 50% in nominal value of the FutureFuel II Bonds then issued and outstanding convene a meeting of the Bondholders to be held at such place as the Issuer shall determine.

2. NOTICE OF MEETINGS

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the Bondholder of any meeting of Bondholders in the manner provided in Schedule 3. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any Bondholder shall invalidate any resolution passed at any such meeting.

3. CHAIRMAN OF MEETINGS

A person nominated by the Issuer shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be Chairman. The Directors and the Secretary and legal advisers of the Issuer and any other person authorised in that behalf by the Directors may attend at any such meeting.

4. QUORUM AT MEETINGS

At any such meeting convened for any purpose, other than the passing of a Special Resolution, a person or persons holding or representing by proxy one-tenth in nominal value of the FutureFuel II Bonds for the time being outstanding shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution, persons (at least two in number) holding or representing by proxy a clear majority in nominal value of the FutureFuel II Bonds for the time being outstanding shall form a

quorum. No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

5. ABSENCE OF QUORUM

If within 30 minutes from the time appointed for any meeting of the Bondholders a quorum is not present the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the Chairman and at such adjourned meeting two Bondholders present in person or by proxy and entitled to vote, whatever the principal amount of the FutureFuel II Bonds held by them, shall form a quorum.

6. ADJOURNMENT OF MEETINGS

The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully have been transacted at the meeting from which the adjournment took place.

7. NOTICE OF ADJOURNED MEETINGS

Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in this instrument. Such notice shall state that two Bondholders present in person or by proxy and entitled to vote at the adjourned meeting whatever the principal amount of the FutureFuel II Bonds held by them shall form a quorum.

8. RESOLUTION ON SHOW OF HANDS

Every question submitted to a meeting of Bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes the Chairman shall have a casting vote.

Schedule 4

Provisions for meetings of Bondholders

9. DEMAND FOR POLL

At any meeting of Bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chairman or by one or more Bondholders present in person or by proxy, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.

10. MANNER OF TAKING POLL

If at any such meeting a poll is so demanded it shall be taken in such manner as the Chairman may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

11. TIME FOR TAKING POLL

Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

12. PERSONS ENTITLED TO VOTE

The registered holders of any of the FutureFuel II Bonds or, in the case of joint holders, any one of them shall be entitled to vote in respect thereof either in person or by proxy and in the latter case as if such joint holder were solely entitled to such FutureFuel II Bonds. If more than one of such joint holders is present at any meeting either personally or by proxy the vote of the senior who tenders a vote (seniority being determined by the order in which the joint holders are named in the Register) shall be accepted to the exclusion of the votes of the other joint holders.

13. INSTRUMENT APPOINTING PROXY

Every instrument appointing a proxy shall be in writing, signed by the appointer or his attorney or, in the case of a corporation, under its common seal, or signed

by its attorney or a duly authorised officer and shall be in such form as the Directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a Bondholder.

14. DEPOSIT OF INSTRUMENT APPOINTING PROXY

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with the Issuer at the address where the Register is maintained for the time being (as referred to in clause 8.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the FutureFuel II Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by the Issuer at the address where the Register is maintained for the time being (as referred to in clause 8.1 of this instrument). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

15. VOTES

On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote (provided that a proxy appointed by more than one member should only have one vote or, where the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of

Schedule 4

Provisions for meetings of Bondholders

those members to vote against it, such proxy shall have one vote for and one vote against the resolution). On a poll every Bondholder shall have one vote for every £1 in nominal amount of the FutureFuel II Bonds of which he is the holder.

A Bondholder (or a proxy or representative of a Bondholder) entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

16. POWER OF MEETINGS OF BONDHOLDERS

16.1 In addition to any other powers it may have, a meeting of the Bondholders may, by Special Resolution:

(a) sanction any compromise or arrangement proposed to be made between the Issuer and the Bondholders;

(b) sanction any abrogation, modification or compromise or any arrangement in respect of the rights of the Bondholders against the Issuer or its property whether such rights shall arise under this instrument or otherwise;

(c) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other company;

(d) sanction any scheme or proposal for the sale or exchange of the FutureFuel II Bonds for, or the conversion of the FutureFuel II Bonds into, cash or shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed, and for the appointment of a person with power on behalf of the Bondholders to execute an instrument of transfer of the FutureFuel II Bonds held by them in favour of the person to or with whom the FutureFuel II Bonds are to be sold or exchanged (as the case may be);

(e) assent to any modification or abrogation of the provisions contained in this instrument that shall be proposed by the Issuer and authorise the Issuer to execute an instrument supplemental to this instrument embodying any such modification or abrogation; and

(f) give any authority or sanction which under the provisions of this instrument is required to be given by Special Resolution.

16.2 No resolution that would increase any obligation of the Issuer under this instrument or postpone the due date for payment of any principal or interest in respect of any FutureFuel II Bond without the consent of the Issuer shall be effective.

17. SPECIAL RESOLUTION BINDING ONALL BONDHOLDERS

A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

18. RESOLUTIONS IN WRITING

A resolution in writing signed by the holders of at least 75% in nominal value of the FutureFuel II Bonds for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in this instrument shall for all purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Bondholders.

19. MINUTES OF MEETINGS

Minutes of all resolutions and proceedings at every such meeting of the Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer. Any minutes which purport to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings held or by the Chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters contained in such minutes. Unless the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and held and all resolutions passed at such meetings to have been duly passed.

Schedule 5

Terms and Conditions of Applications

1. Form of Applications

1.1. For online applications you must complete online the application form.

1.2. For postal applications you must download print, complete and sign the application form and it must be accompanied by a personal cheque drawn on a bank account of a branch of back or building society in the UK, made payable to FutureFuel Renewables II Plc. Postal applications must be sent to FutureFuel Renewables II Plc, 55 Chislehurst Road, Chislehurst BR7 5NP.

2. Acceptance of Applications

2.1. Once your application form has been received by the Bond Administrator, you will be obliged to comply with all Anti-Money Laundering checks where required.

2.2. All applications are made based strictly on (i) the Invitation Document and (ii) the Bond Instrument and the Schedules and (iii) the Administrative Agreement.

2.3. The Issuer reserves the right to reject any application without giving any reason.

3. Amounts of Applications

The Issuer will only accept applications in whole or in part in multiples of £1,000 (£5,000 minimum) being the nominal amount of the FutureFuel II Bond.

4. Acknowledgements and Confirmations

4.1. You acknowledge and confirm in making an application for the FutureFuel II Bonds that:

4.1.1. You are not relying on any information given or any representations, warranties, agreements or undertakings (express or implied), written or oral, or statements made at any time by the Issuer in relation to the Issuer or the Group other than as contained in this Invitation Document and the Bond Instrument and that, accordingly, none of the Issuer or any Group entity, its directors, officers, agents, employees or advisers or any person acting on behalf of any of them shall have any responsibility for any such information, representations, warranties, agreements or

undertakings (expressed or implied);

4.1.2. You are not relying on the Issuer to advise whether or not the FutureFuel II Bonds are a suitable investment for you;

4.1.3. You are either (i) an individual who is 18 years old or more at the date of making your application and who is resident in the UK, or (ii) a company resident in the UK for corporation tax purposes and who is not prevented by the laws of its governing jurisdiction or place of incorporation from applying for or holding the FutureFuel II Bond;

4.1.4. You are a self-certified sophisticated investor in accordance with FCA rules and have signed and returned a statement in the form prescribed in Part II of Schedule 5 of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

4.1.5. You are entitled to make your application and to be issued with the FutureFuel II Bond in respect thereof under the laws of and rules of any governmental bodies located in any jurisdictions which apply to you;

4.1.6. You are aware that it is up to you to seek independent advice from someone who specialises in advising on investments such as the FutureFuel II Bond;

4.1.7. You are not entitled to be paid any commission in relation to your application;

4.1.8. Any monies returnable to you may be retained by the Issuer pending clearance of your cheque and such monies will not bear interest;

4.1.9. You acknowledge that the Issuer may, in its absolute discretion, reject in whole or in part or scale down your application;

4.1.10. All certificates, documents, monies and cheques sent to you by or on behalf of the Issuer or any documents, monies and cheques you send to the Issuer are sent at your own risk;

4.1.11. You and any funds under your management are not engaged in money laundering.

4.1.12. You are making your application on your own behalf and for no other person;

4.1.13. The Issuer, their representative members, directors, employees, agents and advisers will rely upon the truth and accuracy or the confirmations,

Schedule 5

Terms and Conditions of Applications

acknowledgements and representations contained in this Invitation Documents and the application form.

4.1.14. If applicable, the cheque provided by you in respect of your FutureFuel II Bond subscription will be honoured on first presentation;

4.1.15. The Issuer accepts no liability for any inaccuracies in your application or for any late or failed delivery of your application form;

4.1.16. You agree to be notified by email (at the email address provided) of the availability of an electronic certificate of deduction of tax relating to your interest for each payment.

5. Money Laundering

5.1. It is a term of your application that, to ensure compliance with the Money Laundering Regulations 2007 (as amended from time to time), the Issuer may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same.

5.2. Pending provision of evidence of identity, the Bond applied for by you may not be issued at the absolute discretion of the Issuer.

5.3. If within a reasonable time after a request for verification of identity, satisfactory evidence has not been supplied, the Issuer may, at its absolute discretion, terminate your application in which event your subscription will be returned to you without interest and at your own risk.

6. Issuance of the Bond

6.1. In the event that your application is successful, we will send you a bond certificate (“Bond Certificate”) in respect of the FutureFuel II Bond that has been issued to you.

6.2. If your application is not successful or the offer is closed, your cheque or online payment will be returned to you without interest and at your own risk.

6.3. Once the agreed funding amount has been achieved, no further applications will be accepted.

6.4. If your application is successful in respect of only some of the FutureFuel II Bond you applied for, a cheque or online payment for the balance of the amount of your application (without interest) will be sent to you with the Bond Certificate, at your own risk.

"Today we're dumping 70 million tons of global-warming pollution into the environment, and tomorrow we will dump more, and there is no effective worldwide response. Until we start sharply reducing global-warming pollution, I will feel that I have failed."

"I think the cost of energy will come down when we make this transition to renewable energy."

Al Gore



FutureFuel Renewables II PLC
55 Chislehurst Road
Chislehurst
BR7 5NP
www.future-fuel.co.uk
contact@future-fuel.co.uk
0203 475 3087