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ANNOUNCEMENT

OLAM INTERNATIONAL JOINT VENTURE WITH THE GOVERNMENT OF THE REPUBLIC OF GABON TO SET UP A PORT-BASED AMMONIA-UREA FERTILISER COMPLEX IN GABON

1 INTRODUCTION

1.1 Olam International Limited ("**Olam**" or the "**Company**") wishes to announce that it has on 13 November 2010 entered into a Definitive Agreement ("**Agreement**") with the government of the Republic of Gabon ("**R.G.**") to jointly invest in a new company to be incorporated, Olam Fertiliser Gabon SA ("**OFG**"), which will be 80 per cent. held by Olam and 20 per cent. held by R.G., (the "**Investment**") for the purpose of undertaking a project to construct a port-based ammonia-urea fertiliser complex in Gabon (the "**Project**").

1.2 Under the terms of the Agreement, R.G. has agreed to grant land of approximately 120 hectares to OFG for the purpose of the Project and to allocate land near to the Project which OFG will undertake to build and manage a port to enable the export of urea. R.G. has also agreed to supply fixed-price natural gas for a period of 25 years to OFG in connection with the Project. Under the terms of the Agreement, so long as Olam continues to hold not less than 51 per cent. of the issued shares in OFG, Olam shall be entitled to purchase all of the ammonia and urea fertiliser produced by OFG.

1.3 Olam's obligations under the Agreement are conditional upon the satisfaction of certain conditions precedent (as set out in paragraph 4 below). Upon completion of the investment into OFG, OFG will become a subsidiary of Olam.

1.4 The total investment of the Project is estimated to be US$1.3 billion, of which 35 per cent. is intended to be funded by way of equity with the remaining 65 per cent. to be funded by way of external financing.

2 RATIONALE FOR THE INVESTMENT

2.1 Fertiliser is a key yield lever to address the increasing global agricultural demand-supply imbalance

Key industry trends in the agri-commodity sector indicate an increasing global demand-supply imbalance going forward. This trend is driven by rapidly increasing **demand** for agricultural commodities due to i) **rising population**, ii) **increasing food consumption** (with higher disposable incomes), iii) **shift in dietary habits to a more protein and fats-based diet that requires more feed grains**, and iv) **growing use of biofuels**, a new source of demand for agricultural raw materials. The **supply side** is constrained by i) **decreasing arable land**, ii) **impact of urbanisation** on arable land availability; iii) **shortage of water resources,** iv) **impact of climate change on crop production**; v) **logistics and infrastructure constraints**; and vi) **environmental constraints**. Fertiliser will be a key yield lever to alleviate this global agri demand-supply imbalance. Urea demand in particular is expected to grow at a CAGR of 3% going forward.

2.2 Strong linkages with Olam's current businesses

The Fertiliser business has strong linkages with Olam's core business. Olam is a focused agri-business company with a well balanced and diversified portfolio of 20 agricultural commodities. The Company has over 1.5 million direct grower relationships and privileged access to large state owned commodity boards that directly source fertilisers for onward supply to their grower base. Olam also has existing physical presence in critical fertiliser end-markets including the US, Latin America, West Africa and India which would be key markets for the proposed urea project. Participation in fertilisers will also cater to the Company's captive in-house demand from its growing participation in upstream plantation and farming businesses.

2.3 Clear potential for sizeable, excess returns and sustained competitive advantage

The key determinants of profitability for urea are access to i) **low-cost natural gas** (main feedstock), ii) **economies of scale**, iii) **favourable plant location** for logistics cost efficiencies and iv) **ease of market access**. This proposed urea project in Gabon scores favourably on all the above key success factors.

Through this joint venture with RoG, Olam will be able to access guaranteed long term supply of low-cost natural gas and operate a large scale production facility, leading to economies of scale. A favourable port location granted by Gabon for building the urea complex reduces freight costs and provides the flexibility to readily ship either ammonia or urea based on market dynamics. Gabon's relative proximity, compared to the other main urea exporters to key markets (mainly US, Brazil and West Africa) also contributes to lower freight costs. The urea complex will benefit from these advantages to become one of the lowest cost production facility for urea globally, ensuring sizeable excess returns with a significant margin of safety.

The size-of-the-prize for this project is attractive and highly value accretive, with steady state EBITDA forecast to range between US$300 million and US$350 million, with expected EBITDA margins of over 70%, net profit margins in excess of 50%, equity IRR above 30% and with ROE estimated to be above 45%.

3 CONSIDERATION AND PAYMENT

3.1 Based on the estimate of the total investment required for the Project and on the basis that 35% of such total cost will be funded by way of equity, Olam's share of the equity for the Investment is US$364 million ("**Consideration**"), to be phased across the three-year development and construction period. Olam has options to either self-fund its portion of equity or partly sell down the investment through a partial sale to strategic or financial investors.

4 MATERIAL CONDITIONS

4.1 Conditions Precedent

The obligations of Olam under the Agreement are conditional upon the following conditions precedent being fully satisfied:

(a) Olam obtaining the prior approval of Olam's shareholders in a general meeting to undertake the Investment, if required;

(b) Olam putting in place financing and/or funding arrangements suitable for the Investment and on terms and conditions acceptable to both Parties; and

(c) Olam obtaining independently certified confirmation to its satisfaction that there are identifiable and sufficient gas reserves available to OFG to satisfy the commitment to supply gas in accordance with the terms and conditions of the Agreement.

4.2 Other Key Commercial Terms

Under the terms and conditions of the Agreement, the Parties have, *inter alia*, agreed on the following key commercial terms:

(a) R.G. shall grant land of approximately 120 hectares free of all charges, liens and encumbrances and claims of any nature (including but not limited to customary ownership, rights to occupy or otherwise) to OFG for the purpose of the Project;

(b) OFG shall be granted a concession to build and manage a port in Gabon for the export of urea fertiliser;

(c) R.G. and Olam shall enter into a take or pay gas agreement in relation to the supply of gas to OFG by 30 June 2011;

(d) Olam has agreed to assist OFG to obtain the necessary financing required, on a best effort basis, for its operations; and

(e) so long as Olam continues to hold not less than 51 per cent. of the issued shares in OFG:

   (i) Olam shall retain management control of OFG and the right to appoint all the directors of OFG other than the directors nominated by R.G.; and

   (ii) Olam shall be entitled to purchase all of the ammonia and urea fertiliser produced by OFG.

5 FINANCIAL EFFECTS

Assuming that the Investment had been completed on 30 June 2010 and based on the Company and its subsidiaries' (the "**Group**") audited consolidated financial statements for the financial year ended 30 June 2010, the financial effects of the Investment on the audited financial statements of the Group for the financial year ended 30 June 2010 and are set out below.

(a) Net tangible assets ("NTA")

Assuming that the Investment had been completed on 30 June 2010 and based on the Group's audited consolidated financial statements for the financial year ended 30 June 2010, the effect of the Investment on the Group's NTA would be as follows:

As at 30 June 2010	Before the Investment	After the Investment[(a)]
NTA (S$'000)	2,020,344	2,020,344
NTA per share (cents)	100	100

(b) Earnings per share ("EPS")

Assuming that the Investment had been completed on 30 June 2010 and based on the Group's audited consolidated financial statements for the financial year ended 30 June 2010, the effect of the Investment on the Group's EPS would be as follows:

As at 30 June 2010	**Before the Investment**	**After the Investment[a]**
Profit attributable to shareholders of the Company (S$'000)	359,469	359,469
Weighted average number of shares of the Company	2,007,397,130	2,007,397,130
EPS (cents)	17.91	17.91

[a] As the Investment is a greenfield project, no financial information is available to the Company for purpose of calculating the effect of the Investment on the Group's NTA and EPS after the Investment. The Company therefore assumes that the Group NTA and EPS remain unchanged for purpose of this illustration.

The Investment is not expected to have any significant impact on the NTA and the EPS of the Company for the current financial year.

6 RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

6.1 Rule 1014 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") classifies transactions into (i) non-discloseable transactions, (ii) disclosure transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

Rule 1006	**Bases**	**Relative Figures**
(a)	The net asset value of the assets to be disposed of, compared with the net asset value of the Group.	Not applicable [1]
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable.[2]
(c)	The aggregate value of the Consideration to be given by the Company of US$364 million compared with the market capitalisation of the Company of S$6.9 billion (based on the closing price of the Shares on 12 November 2010, being the last market day preceding the date of Agreement).	6.8%[3]

Rule 1006	Bases	Relative Figures
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable[4]

Notes:

(1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

(2) The Investment has yet to generate any profits.

(3) Based on the following exchange rates as at 12 November 2010:

S$1.00 : US$1.29

(4) Rule 1006(d) of the Listing Manual is not applicable as no equity securities have been issued by the Company in connection with the Investment.

6.2 Based on the above, the Investment constitutes a discloseable transaction and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

7 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Investment.

8 DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office for three months from the date of this announcement.

Issued by
Olam International Limited

13 November 2010

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About Olam International Limited

Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, sourcing 20 products with a direct presence in 64 countries and supplying them to over 11,100 customers. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, sesame, rice, cotton and wood products. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009 and 2010 Forbes Asia Fabulous 50, an annual list of 50 bigcap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Forbes. More information on Olam can be found at www.olamonline.com.