

**Sterling Waterford CCN SPV 2**

(Incorporated in Mauritius)  
(Registration number 53784c1/GBL)  
Share code: CBN ISIN: MU0184E06084  
("the Issuer")

**ISSUE OF CARBON CREDIT NOTES BY  
STERLING WATERFORD CCN SPV 2 ("THE ISSUER")  
ON THE JSE SECURITIES EXCHANGE SOUTH AFRICA ("JSE")  
IN THE "SPECIALIST SECURITIES" SECTOR**

**1. INTRODUCTION**

On Monday 18 April 2005, the Issuer issued an offering circular ("the circular") setting out the details of an offer ("the Offer") to subscribe for Carbon Credit Notes at a price of US\$14 each, subject to a maximum aggregate subscription of 1 324 000 Carbon Credit Notes.

In terms of the Offer (which closed on Friday, 22 April 2005) and a Pre-placement undertaken prior to the Offer, the Issuer has received valid subscriptions for 902 223 Carbon Credit Notes.

The Offer was conditional upon the approval of the Exchange Control division of the South African Reserve Bank being obtained by 28 April 2005. The approval was obtained on 26 April 2005 and the JSE has granted a listing for 902 223 Carbon Credit Notes in the "Specialist Securities" sector of the JSE lists.

The information set out in this announcement in relation to the Issuer and to the Carbon Credit Notes is for information purposes only. The information has been extracted from the circular and for a full understanding of the Carbon Credit Notes this announcement should be read together with the circular and the terms and conditions of the Carbon Credit Notes annexed to the circular.

**2. CARBON CREDIT NOTES**

A Carbon Credit Note is a pre-paid forward contract which entitles the holder to the receipt on 17 June 2008 ("the Delivery Date"), of:

- a Carbon Credit; or
- an amount in cash equivalent to the market price of a Carbon Credit on 28 March 2008 ("the Cash Equivalent").

Receipt of the Cash Equivalent as opposed to a Carbon Credit is at the election of the holder. There are however certain circumstances in which the Issuer is not obliged to give effect to the holder's election and the holder may in those circumstances receive a Carbon Credit instead of the Cash Equivalent or vice versa.

**3. STRUCTURE**

The Issuer is a special purpose limited liability company registered in Mauritius and constituted solely for the purpose of:

- issuing and fulfilling its obligations under the Carbon Credit Notes; and
- concluding and fulfilling its obligations under the various agreements relating to the Carbon Credit Notes.

Sterling Waterford Securities (Pty) Ltd has been appointed as Manager in relation to manage and administer the issue of the Carbon Credit Notes and the fulfilment by the Issuer of its obligations under the Carbon Credit Notes and the related agreements.

Sentinel International Trust Company (Pty) Ltd has been appointed as trustee to protect the rights of the holders. Most of the capital raised in terms of the Offer and the Pre-placement is retained under the control of the Trustee.

**4. SECURITY FOR DELIVERY**

The Issuer's obligations under the Carbon Credit Notes have been secured in terms of a Hedging Agreement concluded with Ecoscurities Group Limited ("Ecoscurities"), an international environmental broking company with headquarters in Oxford.

In terms of the Hedging Agreement, Ecoscurities is obliged to deliver sufficient Carbon Credits (and/or cash) prior to the Delivery Date to enable the Issuer to fully discharge its obligations in terms of the Carbon Credit Notes.

Ecoscurities' obligations under the Hedging Agreement are secured by Collateral (comprising a mix of Near Cash Assets and Non Near Cash Assets) deposited with The Standard Bank of South Africa Limited ("SBSA") or its agent. The Carbon Credit price is marked to market by SBSA every six months and Ecoscurities is required, to the extent necessary, to post new or additional Collateral at each Mark to Market Date. In addition the percentage of the Collateral consisting of Near Cash Assets (as opposed to Non Near Cash Assets) increases the closer the mark to market date is to the Delivery Date. The Collateral is only released once Ecoscurities has satisfied its obligations under the Hedging Agreement.

**5. CAPITAL RAISED**

The Capital raised by the Issuer in terms of the Offer has been used as follows:

- sufficient cash has been placed in a number of escrow accounts held with Deutsche Bank (Mauritius) Limited, under the control of the Trustee, to ensure that the Issuer will be able to fully discharge its obligations under the Hedging Agreement;
- \$200 000 has been retained in a Contingent Expense Account, under the control of the Issuer, for the discharge of any unanticipated expenses, including any amounts required for the Issuer and/or the holders to enforce any of their rights under the various agreements governing the Carbon Credit Notes and/or the security relating to the Carbon Credit Notes;
- \$400 000 will be paid to the Manager as reimbursement of various costs already incurred by the Manager in relation to the Listing and the Offer;
- an amount equivalent to 1.5% of the total capital raised will be paid to the Manager as its first annual Management fee;
- an amount of up to 5% of the total capital raised will be paid to the Manager, to be used by the Manager to discharge placement fees payable to certain individuals;
- an amount equivalent to 3% of the total capital raised will be retained under the control of the Trustee for payment of the Manager's annual Management fee in years two and three; and
- the balance will be retained under the control of the Trustee, until such time as Ecoscurities has discharged its obligation to place Collateral on the first Mark to Market Date, being 15 June 2005. If Ecoscurities places the necessary Collateral on the first Mark to Market Date then the balance of the funds will shortly thereafter be released to the Issuer.

If the necessary Collateral is not posted then the balance will be retained by the Trustee and will be available to either return funds to the holders or to attempt to purchase Carbon Credits or rights to Carbon Credits from a different hedging counterparty. The appropriate action to be taken will be determined by the holders at a meeting of holders to be governed on the basis set out in the Terms and Conditions.

**6. DIRECTORS AND REGISTERED OFFICE**

The board of directors of the Issuer are:

Director:	Noel Gregor Paterson-Jones
Address:	2nd Floor, Protea Place, Protea Road, Claremont, South Africa
Director:	Philip Malcolm Bouwer
Address:	2nd Floor, Protea Place, Protea Road, Claremont, South Africa
Director:	Maheshwar Doorgakant
Address:	Suite 520, Barkly Wharf, Le Caudan, Waterfront, Port Louis, Mauritius
Director:	Jean Gilbert Eric Fung Kin Yoong
Address:	Suite 520, Barkly Wharf, Le Caudan, Waterfront, Port Louis, Mauritius

The registered office of the Issuer is located at Suite 520, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius.

**7. COPIES OF THE CIRCULAR**

Copies of the circular, in English, may be obtained during normal business hours from Sterling Waterford Securities (Pty) Ltd, 2nd Floor, Protea Place, Protea Road, Claremont, 7700.

Johannesburg  
28 April 2005

MANAGER

CORPORATE ADVISOR AND SPONSOR

ATTORNEYS