

Generations

The Official Newsletter of Bedford Biofuels • Issue No. 2 • Spring 2011

Inside:
A WORD FROM OUR PRESIDENT AND CEO
BEDFORD IN KENYA
BEDFORD IN ASIA
BEDFORD GOES GLOBAL
JATROPHA NOW
A WORD FROM QUINVITA



 Bedford Biofuels
energy for generations

A Word from our President and CEO

Dear Reader,

As President and CEO of Bedford Biofuels, it's easy to continually extol the virtues of this company and to gush about how bright the future looks. Our team in Canada, as well as our team in Asia, has been promoting the project and telling our story for the past three years, while our team in Africa is hard at work preparing the operations side of the business. I am thrilled to report that now – more than ever before – Bedford's future looks very green.

As you'll read in this newsletter, the company has just been awarded the final license necessary for planting. The EIA (Environmental Impact Assessment) license from NEMA (National Environment Management Authority) Kenya, which came four months later than we had expected, marks Bedford's success in becoming the first and only company ever licensed to plant *Jatropha* in Kenya on a commercial scale. Thanks to the perseverance of our team in Kenya, and to the patience and faith of our sales agents in Canada and Asia, we now have the license and are ready to move into planting mode. It has been a trying delay but now we are full speed ahead.

For Bedford Biofuels, 2011 launched us immediately into full gear. Changes in legislative policies surrounding the trading of securities in Canada saw Bedford transition into EMD (Exempt Market Dealer) territory. Bedford sales agents became licensed dealing representatives of Global Exempt Market Solutions (GEMS) and are now able to provide suitability advice to potential investors. Agents are also now able to sell other investment offerings available through GEMS, along with Bedford, to their clients.

Another positive change for Bedford is that the minimum investment in the Tana Delta Phase 1 is now \$4,000 with incremental investments of \$800 thereafter. People who invested in Bedford prior to this change can make additional investments starting at \$800. This opens our investment opportunity to a broader range of clients and adds greater flexibility. I am happy to report that the relationship between Bedford and GEMS is strong and we see a lot of potential in the Canadian market through GEMS.

While Canada continues to provide a strong market, sales channels are opening up for Bedford in Asia and the Middle East. Elfin Partners, a company dedicated to raising capital for "green" initiatives, was engaged by Bedford in August, 2010 and began an intensive road show May 24 to actively promote Bedford in the Far East and Middle East. Carl Huckstep, Managing Director of Elfin, says there is considerable investor demand in Asia for sustainable and exciting business opportunities in Africa. We are equally excited about some joint partnerships materializing in Asia and working with some large broker networks in China, Indonesia, Thailand, Taiwan and the Philippines.

“We are on the cusp of fueling the most exciting industry of the 21st century – alternative energy.”



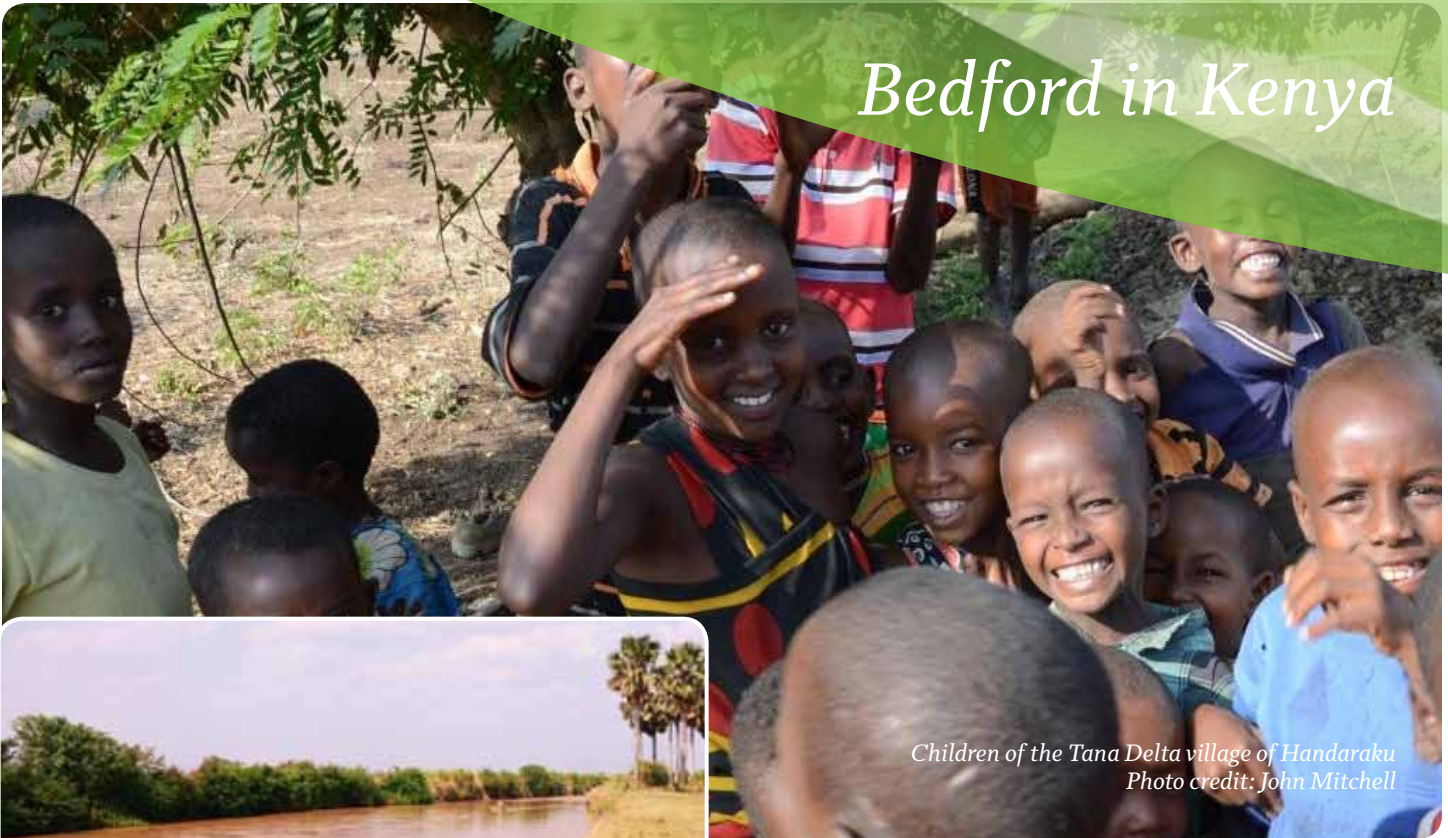
*Joel Ruhu, Bedford's VP Human Resources, spoke to more than 1000 locals, who attended a NEMA hearing in January in the Tana Delta about the *Jatropha* project.*

Our focus has shifted at Bedford. Until now, we have primarily focused on sales in order to finance our biofuel vision. Now that all the ground work has been laid in Kenya for our *Jatropha* operations and our sales channels are churning, we are becoming an agriculture company and will soon transition into an oil company. This is an exciting time as we begin to transform the Tana Delta District in Kenya into a fertile, oil-bearing forest.

I am truly humbled by the support Bedford has generated. We are on the cusp of fueling the most exciting industry of the 21st century – alternative energy. Together, we will achieve great things.

David McClure
President and CEO, Bedford Biofuels

Bedford in Kenya



Children of the Tana Delta village of Handaraku
Photo credit: John Mitchell



The Tana River at Ida-Sa-Godana Ranch.
Photo credit: John Mitchell



More than three years have passed since the Bedford Biofuels team first set foot in Kenya, and now – with the EIA license from NEMA in hand – the company is ready to move ahead with its Jatropha biofuel operations.

The NEMA (National Environment Management Authority) of Kenya granted Bedford its EIA (Environmental Impact Assessment) license on May 25, allowing the project to move forward.

Dustin Mitchell, Bedford's Managing Director, spent the last four months of 2010 living in Kenya meeting with government officials and ranchers, conducting soil and water analyses,

and facilitating all of the work surrounding the EIA license.

"It has not been an easy road in Kenya. This is a developing country and that comes with many challenges for a Canadian company working in that space," he said. "However, we believe in the project, we believe in the future of alternative energy, and now we can start planting Jatropha on land we have spent the last three years securing."

Mitchell said the NEMA approval is monumental for Bedford.

Bedford President and CEO, David McClure, said his vision to be a player in the biofuel space and to bring positive social, economic, and environmental

change in Kenya is finally starting to materialize.

"The past three years in Kenya have been a constant push to create change in a region of the country that hasn't seen change in hundreds of years," said McClure. "The fact that it only took us three years is what is actually remarkable."

John Mitchell, Bedford's General Manager – Kenya, said he looks forward to moving ahead with operations.

"There is a lot of work to be done in setting up operations but we have been preparing for this for some time now," he said. "We will plant trees, create jobs, carry out EMPOWER, and grow oil."

EMPOWER (Every Member Prospers On World Energy Resources) is the humanitarian arm of Bedford, which will bring food security, health care, education, clean water and more permanent housing to the people in close proximity to Bedford's operations.

"Right now, with the ink still wet on our EIA license, we are acting on plans we have had in place since the beginning," said Dustin Mitchell. "Now we commence the setting up of our operations and the prep work to get plants in the ground. We have had to hold off on a lot of things while waiting for our license and now that we have it, real change will occur." ■

Bedford in Asia

Bedford Biofuels is growing like a weed in Asia and the Middle East.

Headquartered internationally in Kuala Lumpur, Malaysia, Bedford has set up everything from distribution channels in Asia to downstream agreements to potential joint partnerships, and continues to make inroads for Bedford overseas.

David McClure, President and CEO of Bedford, said he sees a world of opportunity for Bedford in Asia.

“Our team in Asia has just re-signed Elfin Partners, which is currently promoting Bedford on a

roadshow throughout Asia. We are very excited about some potential joint ventures,” said McClure. “Elfin is promoting all investment avenues into Bedford.”

Elfin Partners is engaged by select companies to connect them to a proprietary network of institutional investors, banks and private individuals.

Bedford signed its first downstream agreement at the end of 2010 with an air cargo company and expects more to follow, especially in light of an EU Emissions Trading Scheme coming

into effect in 2012.

Bedford signed the agreement with Asia-headquartered SWIFT³. The airline, based out of Bangkok, flies routes through China into both the US and Europe.

“Signing with SWIFT³ positions Bedford in a space where other companies will want to form strategic alliances with us,” reported

Bedford’s team in Asia.

Bedford Biofuels now has terms of business with several brokerages intent on selling investments into Bedford.

In December, Bedford engaged AM Capital to introduce the company to high net worth and institutional investors in the ASEAN (Association of



continued on page 5 »

Bedford Goes Global

Bedford Biofuels’ investment opportunity is now available to Canadian investors under the Global Exempt Market Solutions umbrella.

Announced February 15, Bedford Biofuels was selected by GEMS to provide distribution and sale of securities being offered by Bedford’s affiliate, Bedford Biofuels Tana Delta Phase I Investment Corporation. The transition was to ensure compliance with recent changes in legislative policies surrounding the trading of securities.

Joe Burnham, Bedford’s VP Business Development and Distribution, said the three months since Bedford transitioned to working with Global mark a positive shift for the company.

“Bedford has had to be dynamic as we embraced the changes made in the securities market in Canada,” said Burnham. “We have had to re-tool the way we extend our offering to the general public and put some of the control into the hands of a dealership and its licensed representatives.”

He said by doing that, the investing public benefits.

“Over the past several months, we have been forging relationships with the licensed advisors at GEMS. We are always met with excitement as we explain our offering to them. We are seeing subscriptions through these advisors and look forward to a growing prominence amongst other product providers in the exempt market space.”

Global is an independent Exempt Market Dealer, with a network of financial advisors operating in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Rod Burylo, Chief Compliance Officer with Global, states, “The addition of Bedford offers a unique, innovative option for investors and holds appeal from a financial, environmental and social perspective.”

John Wright, Bedford’s Executive Vice President, said the selection and approval of Bedford by Global opens a whole new market to Bedford and empowers former Bedford account managers to expand their capabilities and responsibilities.

“This change is a great transition for former Bedford employees who now, as dealing representatives, are able to provide suitability advice to potential investors. This helps ensure investors are investing appropriate amounts to meet the investment objectives within their portfolio,” said Wright. “This ultimately provides much greater service to our clients.” ■

To learn more about GEMS, please visit www.globalexemptmarketsecurities.com

**GLOBAL
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MARKET
SOLUTIONS**



continued on page 5 »



Bedford's Asia team based in Kuala Lumpur, Malaysia, presents to a group of investors.

“The next three to four months should be exciting for Bedford,” reported the team.

Southeast Asian Nations) and the MENA (Middle East North Africa) regions. AM Capital is also setting up a Shari’ah-compliant fund for investment into Bedford projects, which opens Bedford up to investment from Islamic Nations. Shari’ah-compliant

investment vehicles neither pay interest, nor benefit from gambling, so they are compliant with the principles of Islamic law (Shari’ah). The Asia team reported that AM Capital is still working with potential managers for the Shari’ah Fund and

is expecting to be in the final stages of a Private Equity transaction in the next few months.

“The next three to four months should be exciting for Bedford,” reported the team. “We have serious interest from a number of Private Equity groups continuing their due diligence with a site visit to Kenya in late

June or early July. Our international distributors (including Elfin) are back on the ground raising capital with a new invigoration since the NEMA license was granted. And the response and support that the company is getting from certain institutions and ministries in Malaysia continues to expand.” ■

“The addition of Bedford offers a unique, innovative option for investors and holds appeal from a financial, environmental and social perspective.

Bedford Biofuels Inc.

Canadian Fact Sheet for International Use Only



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Description

The Bedford Biofuels Tana Delta Phase 1 Investment Corporation is a commercial scale Jatropha biofuel project with significant investment return potential, complimented by compelling environmental and humanitarian benefits. Cash flow is derived mainly from the sale of Crude Jatropha Oil, Jatropha Kernel Meal and Hulls, whereby investors receive 75% of net profits for the life of the project.

Objective

To fund a 10,000-hectare biofuel plantation and bring it to full commercial production, offering investors up to 45 years of dividend payments, plus potential capital appreciation.

Project Summary

At a time when the expense to extract traditional fuels is rising and the concept of Peak Oil is a reality, oil prices are poised to continually increase in the medium to long term. This fact, coupled with environmental pressures, has biofuel a focus of most governments. Bedford Biofuels is uniquely positioned to capitalize on this opportunity. Bedford is an international environmentally and socially responsible biofuel company. Bedford has expertise in growing Jatropha curcas to develop plantations in Kenya for the production of Crude Jatropha Oil biofuel. Currently, Bedford controls more than 160,000 hectares of prime land in Kenya.

Science and Technology

Bedford Biofuels is committed to maximizing production yields and profit margins. In order to accomplish this, Bedford has engaged experts in seed and plant science, agronomy, plantation management and forestry in relation to Jatropha production. The company has aligned itself with Quinvita. The researcher in the Jatropha industry, Quinvita is the foremost world-leading Jatropha plant science and technology. Bedford continually monitors the latest science and technology to improve its oil yields and increase efficiency.

Markets and End Users

Bedford has signed a downstream agreement with SWIFT[®], an Asia-headquartered Air Cargo company. Bedford expects additional downstream agreements from:

- The global airline industry;
- The railway, mining and automobile industries within Kenya; as well as
- Other end users within the European Union, Asia and the rest of the African continent.

Investment Summary

- Class B Non-voting Shares
- Minimum investment: \$4,000, with additional incremental investments of \$800 thereafter
- Maximum Offering: \$83,000,000
- Profit distribution split is 75% investor/25% Bedford paid as an annual dividend
- Conditional liquidation available after five years
- Anticipated 20%+ annual return at full crop maturity
- RRSP, RRIF, LIRA, TFSA eligible

Key Features & Benefits

- » Opportunity to invest in the fastest growing industry of the 21st Century – alternative energy.
- » Jatropha biodiesel burns up to 78% cleaner and serves as a drop-in replacement for traditional diesel. It has been industry certified for transportation, heavy industry, aviation and for use by the US military.
- » A Percentage of the capital is used to fund Bedford's humanitarian efforts, EMPOWER (Every Member Prospers On World Energy Resources), which assists in the sustainable development of the communities near Bedford's plantations.
- » Intercropping adds food supply to the local economy and contributes to food security in the region.
- » Jatropha curcas rated as the most efficient biodiesel feedstock.
- » Additional revenue streams will be used to maximize profits, such as:
 - Seedcake – the remaining pulp following oil extraction when further processed is used as animal feed
 - Honey

Reduced Risk Exposure:

Bedford has mitigated risk and ensured stable production costs by:

- Choosing areas with pre-existing infrastructure, available labour force and ideal Jatropha growing conditions;
- Entering into long-term leases and exclusive supply agreements;
- Gaining local community support;
- Partnering with experts in Jatropha seed science and agronomy best practices;
- Garnering unanimous government support at the local and national level; and
- Securing crop insurance.



QUINVITA
THE JATROPHA MANAGER

The diesel tree continues to reach for the sky as industry across the globe scrambles to meet government mandates to reduce the planet's carbon footprint.

Jatropha is a robust, drought resistant tree, which begins to flower within six to eight months of planting and matures within three to four years. The tree continues to produce non-edible nuts, which contain 34-45% oil by weight, for up to 50 years.

Jatropha is a drop-in replacement for diesel, which means its use does not require engine modification. It can be blended for use in automobiles, mining equipment, and locomotives, but has garnered the most interest from the aviation industry.

The world's first commercial aviation test flight powered by a Jatropha biojet blend took place on December 30, 2008 in Auckland, New Zealand in a joint initiative between Air New Zealand, Boeing, Rolls Royce, and Honeywell's UOP.

Since then, Jatropha-fueled flights have been successfully conducted by Continental, Japan Airlines, TAM Airlines and Airbus.

contracts on 160,000 hectares of land, is another country where oil sovereignty – or lack thereof – is becoming an issue.

Oil prices have reached historic highs in Kenya, a country relying 100 per cent on imported oil. The lack of a strategic oil reserve has been largely blamed for perennial oil shortages and high prices.

Kenyan Energy Minister Kiraitu Murungi told Parliament in early May that Kenya must look to its own fuel to avert an oil crisis.

Dr. Bernard Muok, a Director of Programmes, Africa Centre for Technology Studies (ACTS) recently said, as reported by The Nairobi Star newspaper, that Kenya is sleeping on untapped biofuel, which, if exploited, can steer the country's economic growth to unimaginable heights.

"We are only remaining with one alternative; biofuel," said Muok. "We have relied so much on oil. A lot of money has been used trying to drill oil with no success. If this money was converted to production of biofuel, we could be talking of other things by now; not a fuel crisis."

National Geographic reported in May that the U.S. military views



In early April of this year, Interjet, Mexico's domestic airline carrier, together with Airbus, successfully conducted a test flight using a 30 per cent Jatropha biojet fuel blend. The fuel was made from locally sourced Jatropha grown and harvested in a southern Mexican state.

The flight was part of the National Development Plan mandated by Mexican President Felipe Calderon Hinojosa, which calls for Mexico to include the environment as one of the elements for competitiveness and economic and social development.

"The test flight is the realization of a two-year ambition for Interjet to develop a production chain for renewable biofuel, with the purpose of creating a Mexican platform for sustainable aviation bio-kerosene," said Interjet President Miguel Aleman.

Another Jatropha flight scheduled for later this year will take place in China with Boeing and Air China. The flight will use Jatropha oil produced in China and is highly anticipated because of its implications on oil sovereignty.

Kenya, where Bedford Biofuels has entered into long-term lease

development of energy alternatives as a security imperative, and a means to reduce reliance on petroleum-based products. The military used 3.8 billion gallons (14.4 billion litres) over the past three years. Jet fuel accounts for 46 percent of the U.S. government's energy use.

Chris Tindal, director of operational energy for the U.S. Navy, speaking at the biotechnology industry's World Congress in Toronto, Ontario in May, said the service's biofuel needs will rise as it works toward a goal of meeting half of its energy needs with alternative sources by 2020.

For its planned "Great Green Fleet" demonstration of alternative fuel ships and aircraft, the Navy will order 4,000 barrels (168,000 gallons/645,950 liters) of renewable jet fuel by next year, and ten times as much by 2016, he said.

"This way we're able to send a demand signal, which we think is what's needed," said Tindal. For alternative energy to take flight, Tindal said, the challenge is for the farms, the biorefineries, and the market all to be ready at once. "It's like a pop-up book," he said. "You want it all to stand up at the same time." ■

Quinvita Limited, an expert in the Jatropha world, is working side by side with Bedford Biofuels in Kenya now that NEMA has given the final green light to Bedford's Jatropha project.

Some of Quinvita's team travelled to Kenya in December, 2010 to conduct training with Bedford staff. Since then, while waiting for NEMA's approval of the project, Bedford has been preparing for clearing and planting, which can now commence.

Quinvita was formerly a subsidiary company of D1 Oils until, in December, 2010, the shareholders of D1 approved the sale of all its Jatropha plant science and technology activities to Quinvita, now owned by D1 Oils Director, Henk Joos, Vincent Volckaert and Greta De Both.

Volckaert, Quinvita's Business Director, said Quinvita will be busy in the Tana Delta running a product placement trial for Bedford.

"This is a trial where we test a number of existing and new cultivars to see how they perform in the local conditions," said Volckaert. "The trial has a scientific layout to allow us to evaluate the observations with statistical methods. These methods will allow us to decide if differences between cultivars are significant or not."

Since 2006, the Quinvita team has been conducting research with local teams and customers in Africa, India and Southeast Asia.

Dustin Mitchell, Bedford's Managing Director, said Bedford is fortunate to have Quinvita's expertise on hand in Kenya.

"The amount of science and money and blood, sweat and tears that have gone into Quinvita's research of Jatropha is overwhelming," said Mitchell. "Quinvita will make the most of our land in Kenya in order to capitalize on Jatropha's potential and maximize oil yields."

The Quinvita team was one



A Word from Quinvita

Bedford staff received training from Quinvita in Malindi, Kenya in 2010.

of the first commercial teams in the world to holistically tackle the "four knowledge questions" around Jatropha curcas: Which Jatropha material to plant? Where to grow Jatropha? How to grow Jatropha? How to add value to the Jatropha product stream?

Quinvita may also prove to be a valuable resource on the processing side of Jatropha. While some downstream customers will want to process the oil themselves, Bedford may choose to process its own oil. If so, Quinvita can aid Bedford with everything from harvesting, storage, dehulling and crushing, to oil and meal production through co-extraction techniques.

"Quinvita will be involved as a knowledge partner in the development of the project in Kenya," said Volckaert. "We will provide constant supply of new and improved cultivars of



David Kombe (centre) visits a Jatropha demonstration plot in Kenya in January.

Jatropha curcas, training on the different aspects of Jatropha farming: nursery set-up, site selection, planting techniques, pest and disease control, and the latest knowledge on agronomy like fertilizer requirement, pruning techniques, planting density, Jatropha grain harvesting, Jatropha grain storage and in a later stage Jatropha grain processing."

Volckaert said Quinvita will also work with Bedford to agree jointly on new trials to answer certain agronomy questions specific to the project, help to select new countries and new locations for Bedford, keep Bedford informed about new knowledge acquired around the globe in relation to Jatropha agronomy and about the new cultivars we expect to release for planting purposes. ■

You are reading the 2nd edition of the Bedford Biofuels newsletter, Generations. This newsletter will keep you up-to-date on the latest Bedford happenings and news. If you would like to make a submission to this newsletter or have an interesting idea for a story, please email to info@bedfordbiofuels.com.

The future is green.



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