

10 December 2007

CLEAN ENERGY BRAZIL PLC
("CEB", the "Company" or the "Group")

\$64 million investment in Unialco MS and £20.8 million Placing

Clean Energy Brazil plc, a leading specialist investment company focused on Brazil's sugar cane/ethanol industry, announces today that the Company has conditionally raised approximately £20.8 million before costs through a placing of 21,900,000 new Ordinary Shares of 1 pence each (the "Placing Shares") at a price of 95 pence per share (the "Placing Price") with existing and new institutional investors, as well as certain directors of the Company (the "Placing"). The Placing is being underwritten by Numis.

The Company intends to use the net proceeds of the Placing to invest in Unialco MS. The Directors believe that Unialco S/A, CEB's investment partner in Unialco MS, is one of the most respected companies in the Brazilian sugar and ethanol industry.

HIGHLIGHTS

- The Group has entered into an agreement with Unialco S/A in relation to Unialco MS, a holding company which, it is intended, will control Alcoolvale (an operating sugar cane plantation, with an associated sugar mill, ethanol distillery and sugar factory), Canavale (an operating sugar plantation with associated agricultural services) and Dourados (a well advanced greenfield sugar cane plantation with a planned sugar mill, ethanol distillery and sugar factory located in Mato Grosso do Sul state)
- The agreement contemplates the creation of a joint venture in which CEB would have a 33 per cent. equity interest for an investment of approximately US\$64 million being US\$37 million in cash and approximately US\$27 million by the issue of 13,863,929 Consideration Shares (at a price of 95 pence per share) to Unialco MS
- Michael St Aldwyn, a Director of CEB, and Peter Thompson, Chairman of TCP (CEB's Investment Adviser) intend to subscribe for 52,632 shares and 105,264 shares, respectively, as part of the Placing
- The Group's investment in the joint venture could be used to expand Alcoolvale's crushing capacity
- The investment could facilitate a strategic alliance between the Group and a leading producer in the sector which could lead to further joint venture activity in relation to other assets owned by both groups
- The opportunity provides an attractive combination of prompt cash-flow generation from the Alcoolvale unit and growth from the development of the Dourados unit
- The Unialco MS assets are located in Mato Grosso do Sul state, a region which has historically enjoyed high agricultural yields and low land costs. The Directors believe the location of these units will create synergies with the Group's other investments in the region (Pantanal and Usaciga's greenfields)
- Unialco MS would be run by an established and experienced management team comprising mainly individuals from Unialco S/A who would report to a board comprising two representatives of Unialco S/A and one from the Group
- The Company has set a long term target of having interests in businesses with an aggregate of 30 million tonnes of cane crushing capacity per annum and the acquisition of the interest in Unialco MS is a further step towards this target

CEB also reports today in a separate announcement its unaudited interim results for the six months ended 31 October 2007 which updates shareholders on the progress of the Company, its investments, the market and current trading

Antonio Monteiro de Castro, Chairman of Clean Energy Brazil plc, commented:

"The Group is currently seeking to build critical mass. It has already invested in businesses with a planned aggregate annual crushing capacity of approximately 14 million tonnes of cane by the 2012/13 crop season and intends to use the proceeds of the Placing to invest in partnership with Unialco S/A, one of the most respected companies in the Brazilian sugar and ethanol industry, which would increase anticipated annual crushing capacity to in excess of 18.5 million tonnes of cane by the 2012/13 crop season.

The Directors believe that such business growth has the potential to generate considerable value for Shareholders given that current valuations of fully built out assets have generally increased significantly above development costs. The Directors believe that the increase in valuations reflects increasing demand for industrial and agricultural assets from a range of other investors due to growing acceptance of climate change and understanding of the unique carbon footprint of sugar cane in producing ethanol and electricity generation.

It remains the objective of CEB to increase its scale such that it has investments in businesses with an aggregate of at least 30 million tonnes of annual cane crushing capacity. The Directors believe that such scale will assist the businesses in which CEB invests in their aim of being amongst the lowest cost producers in the Brazilian cane sector. Brazil currently has the lowest average cost of all of the significant producers of ethanol and sugar in the world."

A placing document has been published on the Company's website at www.cleanenergybrazil.com. Definitions used in this announcement are the same as those used in the placing document.

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Proposed Investment - Unialco MS

Investment agreement

The Group has entered into an agreement with the existing shareholders of Unialco MS (Unialco S/A and ZancanerPar, which in turn is owned by two individuals, Luiz Guilherme Zancaner and Walter Henrique Zancaner Filho). It is intended that Unialco MS will become the holding company which controls Alcoolvale (an operating sugar cane plantation, with an associated sugar mill, ethanol distillery and sugar factory) and Dourados (a greenfield sugar cane plantation with a planned sugar mill, ethanol distillery and sugar factory located in Mato Grosso do Sul state). It is intended that Unialco MS will also own the associated agricultural services and cane providers, Canavale Agricola and Alcoolvale Agricola.

The agreement contains provisions under which the Group would acquire a 33 per cent. stake in Unialco MS which would in turn become the owner of the assets described above. Through this process CEB would invest a sum of up to approximately US\$64 million being US\$37 million in cash and approximately US\$27 million by the issue of the Consideration Shares to Unialco MS. The agreement is subject to certain conditions precedent including Admission.

Unialco S/A

Unialco S/A would hold the 67 per cent. of Unialco MS not owned by the Group. The Directors believe that Unialco S/A is one of the most respected companies in the Brazilian sugar and ethanol industry. In addition to the operations which will become part of Unialco MS, the Unialco S/A group has a further 2 operations which take its current total cane crushing capacity to 3.6 million tonnes per year. At present Unialco S/A has two greenfield projects under development that, when fully operational, are expected to bring Unialco S/A's total crushing capacity, including Unialco MS, to approximately 9.0 million tonnes of sugar cane per year. All of Unialco S/A's operations are located in the Centre South region of Brazil.

Unialco S/A is a professionally managed group. Its current CEO, Fernando Barata, has extensive experience in the sector, notably having previously been the managing director of Sucden (a large international commodities, financial futures and options broker) in Brazil. The group's controlling shareholder, Luis Zancaner, is a well connected member of one of the most traditional families in the industry and former president of the well respected West Sao Paulo sugar cane mills association (UDOP).

Assets to be owned by Unialco MS

Following the Group's contemplated investment, Alcoolvale will be 92 per cent. owned by Unialco MS. Having started operations in 2001, Alcoolvale currently has installed capacity to crush 1.65 million tonnes of sugar cane per year, with annual production capacity of approximately 115,000 tonnes of sugar plus approximately 75,000 cubic metres of ethanol (these numbers will vary depending on the split between sugar and ethanol which will be driven by market considerations). The business is located in an area with abundant availability for growth, and expansion of current crushing capacity is envisaged. 100 per cent. of the cane crushed by Alcoolvale would be owned by Unialco MS. The business is located in Aparecida do Taboado city, Mato Grosso do Sul.

Following the Group's contemplated investment, Unialco MS will have an 80 per cent. interest in Dourados, a greenfield project with planned crushing capacity of 3.0 million tonnes of sugar cane per year and an associated sugar mill, ethanol distillery and sugar factory. Dourados is located in Dourados city (179 km from Pantanal, one of CEB's existing assets). The business is at an advanced stage of development, with 7,000 hectares of cane being planted in the 2007/08 crop year (of which 3,800 hectares of land would be owned by Unialco MS). Provisional environmental and installation licences have already been granted and part of the industrial machinery acquired. The mill is expected to start crushing 1.2 million tonnes of cane by the 2009/2010 crop, reaching full capacity (3 million tonnes) by the 2012/2013 crop. Dourados is in the process of

securing debt financing of R\$142 million (approximately US\$71 million). If this is not secured, Unialco S/A will be obliged to provide debt financing under the terms of the investment agreement relating to the Unialco acquisition. The debt financing is projected to cover the capital expenditure required to reach full capacity.

It is intended that Unialco MS would hold approximately a 99 per cent. interest in Canavale and a 92 per cent. interest in Alcoolvale Agricola, which are the companies that own the cane and agricultural assets supplied to the sugar cane crushing units.

A minority shareholding of up to 8 per cent. of Alcoolvale may also be acquired and contributed by Unialco S/A to Unialco MS. If (but only if) this occurs, and subject to CEB's consent, up to an additional US\$3.7 million in excess of the total investment by CEB of US\$64 million will be paid, via ZancanerPar, to Unialco MS. If such minority shareholding were acquired, Unialco MS would own 100 per cent. of Alcoolvale and Alcoolvale Agricola.

Audited consolidated accounts have not been prepared for the businesses to be owned by Unialco MS. However, on an unaudited estimated pro forma combined basis, the net sales, EBIT (earnings before interest and tax) and net assets of these businesses amounted to approximately US\$53 million, US\$15 million and US\$55 million, respectively for the year ended 31 December 2006. Dourados, which did not trade in 2006, made unaudited estimated net sales and EBIT of approximately US\$4 million and US\$(0.2) million, respectively for the eight months ended 31 August 2007.

Strategic considerations for the Group's potential investment in Unialco MS

The Directors believe an investment in Unialco MS would meet the following criteria:

Growth: The Group's investment in the joint venture could be used to expand Alcoolvale's crushing capacity.

Strategic alliance: The investment could facilitate a strategic alliance between the Group and a leading producer in the sector which could lead to further joint venture activity in relation to other assets owned by both groups.

Investment revenues: The opportunity provides an attractive combination of prompt cash-flow generation from the Alcoolvale unit and growth from the development of the Dourados unit.

Location: The Unialco MS assets are located in Mato Grosso do Sul state, a region which has historically enjoyed high agricultural yields and low land costs. The Directors believe the location of these units will create synergies with the Group's other investments in the region (Pantanal and Usaciga's greenfields).

Management: Unialco MS would be run by an established and experienced management team comprising mainly individuals from Unialco S/A who would report to a board comprising two representatives of Unialco S/A and one from the Group.

The Placing

Pursuant to the Placing, Numis has conditionally placed 21,900,000 Placing Shares with institutional and other investors. The Placing will raise approximately £20.8 million (before costs and investment related costs estimated to be approximately £2.7 million). The Placing is being underwritten by Numis.

Placing shares have been placed at the Placing Price. The Placing Shares and the Ordinary Shares in issue prior to the Placing will rank pari passu in all respects.

The Company, Numis, Smith & Williamson and the Directors have entered into a

placing agreement pursuant to which Numis has agreed, subject to the fulfilment of certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The issue of the Placing Shares is conditional, inter alia, upon Admission and the Placing Agreement becoming unconditional in all respects (save for any condition relating to Admission).

Application will be made to the London Stock Exchange for the Placing Shares and the Consideration Shares to be admitted to trading on AIM. It is expected that Admission will take place and dealings in the Placing Shares and the Consideration Shares will commence by 31 January 2008.

Overview

CEB is an investment company incorporated in the Isle of Man whose ordinary shares are quoted on AIM. The Company, through its subsidiaries, invests directly in Brazil's growing sugar and ethanol industry.

The Group has entered into contractual arrangements with its investment manager, Temple Capital Partners Limited ("TCP"). TCP has entered into service agreements with Czarnikow and TCP Brazil. These arrangements give the Group access to a team of over 40 professionals, enabling it to utilise their knowledge, relationships and understanding of the sugar cane sector in Brazil to implement CEB's investment strategy.

Since the Company's admission to AIM and £100 million placing in December 2006, the net proceeds of that placing have been invested in:

- Usaciga - a joint venture business in which the Group holds 49 per cent. of the equity which has existing production and advanced stage greenfield projects under development;
- Pantanal - a greenfield development directly under the management control of the Group in which the Group holds 100 per cent. of the equity (subject to a possible reduction by 8 per cent.); and
- Agua Limpa - a greenfield development directly under the management control of the Group in which the Group holds 100 per cent. of the equity and which requires additional development funding of approximately US\$90 million.

As a result of these investments CEB currently has interests in businesses planning to crush approximately 14 million tonnes of cane per annum by the 2012/13 crop season.

Active risk management by TCP within CEB's existing investments is intended to largely protect against the effect of short term price weakness in sugar and ethanol markets whilst maintaining exposure to medium and longer term trends which Directors believe to be very positive.

Since CEB published its first financial results for the period ended 30 April on 1 August 2007, the Company has declared and paid its second interim dividend of 2.5p per ordinary share. CEB also reports today in a separate announcement its interim financial results for the six months ended 31 October 2007.

CEB Investment Objective and Strategy

CEB's objective is to make investments in the sugar cane sector in Brazil, utilising the sector relationships of its investment manager, TCP, and working in partnership with existing sector participants. The Directors believe that, through joint ventures, CEB has gained and will gain access to some of the best growth opportunities within the Brazilian sugar and bioethanol sector, which might not otherwise be available to an investor seeking total ownership.

Once it has made an investment, the Group aims to use the expertise that it has available to it, through TCP, to assist its partners in improving agricultural

and industrial productivity, price risk management and commercialisation of the products that the companies in which it has invested produce: ethanol and sugar.

A typical joint venture that the Group looks to enter into is one where the Group's partner puts its assets into the joint venture and the Group capitalises the joint venture against a valuation of those assets. The structure is such that funds invested remain in the joint venture, with the Group retaining controls and/or protection through majority ownership and/or shareholder agreements. The intention is that the joint venture then has funds to accelerate the expansion of its business.

CEB aims to seek out those existing market participants who, in addition to existing assets, have advanced stage greenfield developments and/or brownfield developments (which can often take the form of agricultural investment to take cane availability up to the installed industrial capacity of a mill).

The Group is currently seeking to build critical mass. It has already invested in businesses with a planned aggregate annual crushing capacity of approximately 14 million tonnes of cane by the 2012/13 crop season and intends to use the proceeds of the Placing to invest in Unialco MS which would increase anticipated annual crushing capacity to in excess of 18.5 million tonnes of cane by the 2012/13 crop season. It remains the objective of CEB to increase its scale such that it has investments in businesses with an aggregate of at least 30 million tonnes of annual cane crushing capacity. The Directors believe that such scale will assist the businesses in which CEB invests in their aim of being amongst the lowest cost producers in the Brazilian cane sector. Brazil currently has the lowest average cost of all of the significant producers of ethanol and sugar in the world.

The Directors believe that such business growth has the potential to generate considerable value to Shareholders given that current valuations of fully built out assets have generally increased significantly above development costs. The Directors believe that the increase in valuations reflects increasing demand for industrial and agricultural assets from a range of other investors due to growing acceptance of climate change and understanding of the unique carbon footprint of sugar cane in producing ethanol and electricity generation.

The longer term objective of CEB in acquiring strategic stakes in a number of businesses across the sector is to take a leadership role in forming alliances and mergers, seeking out synergistic benefits and looking to become a major consolidator of the cane sector. Given the highly fragmented nature of this sector today and that CEB would be consolidating through its investments, the Directors believe that this consolidation premium could add further significant value to CEB over the medium to long term.

The Directors also believe that the conflict between the growing global energy gap and the need to reduce greenhouse gases from current energy production will lead to the Brazilian cane sector assets moving from a valuation based primarily on Brazilian agriculture to a valuation based more on international energy. The Directors consider that this creates a current window of opportunity to invest in the sector despite short term depressed market conditions for sugar.

The market environment in which the Group's investee companies sell their products is a key factor in analysing investment returns. These businesses are highly sensitive to market prices. The Directors believe that commodity price volatility will continue but that appropriate risk management policies (locking in forward exposure and hedging risk at times of higher prices) can be implemented with the aim of CEB's investments achieving attractive rates of return.

An investment in CEB gives exposure to:

- the established Brazilian domestic hydrous ethanol market, which is growing rapidly as a result of flex fuel car sales (according to UNICA, the Sao Paulo sugar and ethanol producer's union, ethanol sales have grown by in

excess of 30 per cent. for the twelve months to August 2007 compared to the same twelve months the previous year);

- the growing international sugar market, where global population growth and historical production cut backs from key producers such as Europe have resulted in an increasing dependency on Brazilian supply;
- the developing international ethanol market driven by climate change (with exports currently at approximately 2.5 billion litres per annum); and
- the growing demand for electricity generation from sugar mill cogeneration plants within Brazil where concerns exist regarding the ability of total grid supply to meet demand projections in the medium term.

Operational Strategy

The Directors recognise the importance of and will consider Brazilian business culture in the course of implementing the Group's investment strategy. Investments will need to conform to a Brazilian profile where sector relationships and co-operation with neighbouring mills are important. The Directors acknowledge that the use of local expertise, contacts and relationships is essential.

The Group's operational governance will need to take account of social and environmental responsibility, which are important characteristics of the cane sector and from which the sector derives considerable political support. Considerations include:

- responsible agricultural use of land and soil conservation;
- preservation of forests within the cane areas, particularly areas bordering rivers;
- fair treatment of employees; and
- provision of social welfare, such as health and education, to the workforce.

These factors will support environmental and social responsibility, which the Directors believe will be commercially valuable over the medium term.