

## RESTRICTIONS ON THE TRANSFER OF POLYFUEL'S COMMON STOCK

PolyFuel listed its common stock for trading on AIM in July 2005 in connection with a public offering of its shares to institutional investors in the United Kingdom and elsewhere in Europe, and subsequently completed a similar follow-on offering on AIM in February 2006. The offerings were consummated pursuant to Regulation S promulgated under the United States Securities Act of 1933, as amended (the "Securities Act"). Regulation S provides an exemption from the registration requirements of the Securities Act for shares that are offered and sold in "offshore transactions" to persons who are not "U.S. Persons," who are broadly defined to be persons who are not residents of the United States or acting on behalf of residents of the United States. Shares that are offered and sold in "offshore transactions" pursuant to Regulation S continue to be "restricted securities" under Rule 144 of the Securities Act for two (2) years after the offering date. For this reason, the shares of PolyFuel currently may be traded only pursuant to an exemption from the registration requirements of the Securities Act. Hedging transactions involving PolyFuel's common stock may not be conducted unless in compliance with the Securities Act. In addition, PolyFuel's common stock has not been registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan and may not be offered or sold in Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction.

In addition, pursuant to Rule 144 of the Securities Act, one year after an issuance of PolyFuel's common stock, limited resales of those restricted securities may be made subject to certain requirements, including: (i) adequate public information regarding PolyFuel must be available; (ii) the number of shares that may be sold during any three-month period cannot exceed certain volume limitations; (iii) the sale must be handled in all respects as a routine trading transaction, and brokers may not receive more than a normal commission; and (iv) a notice on Form 144 must be filed with the U.S. Securities and Exchange Commission. Once two years have passed from the date the restricted securities were acquired from PolyFuel (or an "affiliate" of PolyFuel, as defined in Rule 144), non-affiliates of PolyFuel may resell restricted securities without regard to the volume or manner of sale. Affiliates remain subject to the volume and other restrictions for as long as they are affiliates. An affiliate is a person, such as a director or large shareholder, in a relationship of control with PolyFuel. Control means the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise.

Shares of common stock issued by PolyFuel within the last two years bear the following legends:

THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS, INCLUDING APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES ("EXEMPT FROM REGISTRATION"). PRIOR TO PERMITTING ANY TRANSFER, THE COMPANY

MAY REQUEST AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER IS TO BE EFFECTED IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT OR IS EXEMPT FROM REGISTRATION. HEDGING TRANSACTIONS INVOLVING THE SHARES OF COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

IF YOU ARE SEEKING TO TRANSFER ANY SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT YOU SHOULD NOTE THAT SUCH SHARES ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO CATEGORY 3 OF REGULATION S, WHICH MAY REQUIRE THAT IN ADDITION TO ANY CERTIFICATIONS REQUIRED FROM A TRANSFEROR AS SET FORTH ON THE REVERSE OF THIS CERTIFICATE, PRIOR TO THE EXPIRATION OF A ONE-YEAR DISTRIBUTION COMPLIANCE PERIOD, THE TRANSFEREE CERTIFIES THAT IT IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND/OR PROVIDES OTHER APPLICABLE CERTIFICATIONS AND AGREEMENTS. PRIOR TO INVESTING IN THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE OR CONDUCTING ANY TRANSACTIONS IN THESE SHARES, YOU ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS REGARDING THESE RESTRICTIONS ON TRANSFER AND ANY OTHER RESTRICTIONS.

PolyFuel may make a notation on its records, including stop transfer instructions noted on the stock transfer records, or give instructions to its registrar and its transfer agent of its common stock in order to satisfy the transfer restrictions set forth in the above noted common stock certificate legends. The registrar and the transfer agent for the common stock will not be required to accept the registration of transfer of any shares of common stock except upon representation of evidence satisfactory to PolyFuel that the applicable transfer restrictions have been complied with.

PolyFuel's common stock may become available in the future for purchase by U.S. Persons in transactions other than "offshore transactions," if PolyFuel elects to register its shares under the Securities Act. PolyFuel, however, has no current plans to so register its shares.

The foregoing information is not intended to be legal advice and each current or potential stockholder should contact his, her or its own legal advisors to determine how the restrictions on PolyFuel's common stock will affect him, her or it.