



London
STOCK EXCHANGE

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**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N26/07

STOCK EXCHANGE NOTICE

BIOFUELS CORPORATION PLC

Introduction

1. Market participants may be aware that since 28 March 2007 a market status message has been released on a daily basis in relation to Biofuels Corporation PLC ("Biofuels" or "the Company"), warning that there are currently settlement difficulties in the ordinary shares of 1p (ISIN GB00B00VD693) and that delays in settlement of transactions may therefore occur.
2. The situation persists and the Exchange is taking this opportunity to remind all member firms of their settlement obligations under the Exchange's rules, particularly in relation to short selling strategies.

Short Selling

3. Short selling is a permitted activity in the London markets. However, short sellers remain obliged to settle their position on ISD either by buying the stock (if necessary at a higher price than they sold at) or by borrowing stock. Member firms who do not believe that they can settle existing short positions, be it as a result of proprietary or customer trading, should consider whether it is appropriate to continue to pursue short selling strategies.

Rules of the London Stock Exchange

4. The Exchange wishes to remind members of Rule 3700 of the rules of the London Stock Exchange where it states, "*a member firm shall ensure that every transaction effected by it is duly settled,*" and Rule number 3701 which states, "*a member firm is responsible for ensuring the delivery of securities on the agreed settlement due date for all its on Exchange business.*"

Market Conduct

5. The Exchange therefore expects all member firms, including retail brokers, to act responsibly in their dealings in Biofuels shares to ensure that settlement deadlines can be met. Given the current lack of available stock, member firms should consider whether they might wish to trade only for guaranteed delivery so as to prevent a worsening of the current settlement position.
6. The Exchange will continue to issue the market status message on a daily basis until such time as it considers the settlement problem to have cleared.
7. Any comments or queries on this Notice should be addressed to either:

Ian Werner, Trading Services, telephone +44 (0)20 7797 1192 (STX 31192) or email: iwerner@londonstockexchange.com

Anthony Stanger, Trading Services, telephone +44(0)20 7797 1185 (STX 31185) or email: astanger@londonstockexchange.com

Nick Bayley
Head of Trading Services

This Stock Exchange Notice will be available on the website at

<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

Calls to London Stock Exchange plc may be recorded to enable the Exchange to carry out its regulatory responsibilities.