



CHO Morcenx status update – Successful tests on the CHO Morcenx plant further prove viability of plant, planning for 2015 amended to reflect updated equipment delivery schedule.

- Critical endurance/reliability tests successfully completed - 14 consecutive days of operation
- Engine supplier delays delivery of additional engines
- Final major plant upgrading underway
- Forecast on new project timing maintained
- Evidence of increasing market traction
- Management confidence reiterated

December endurance campaign successfully completed:

As part of the last development stage of the CHO Power process, the company has conducted in December critical endurance tests. For the first time, the CHO Morcenx power plant ran for 14 consecutive days, between the 1st and December 15th 2014, proceeding 886 tons of waste, and delivering 383MWh of renewable electricity. This campaign aimed at validating the sustained reliability and stability of the process, overall performance of the plant having already been validated in October 2014. Upon expiry of the two-weeks campaign the plant was maintained in operation for two days, in order to test some new operational settings, then has been shut down, as planned, in order to start working on the next phase of upgrades and improvements.

This endurance campaign has allowed the company to validate the multiple improvements that were brought to the plant over the past few weeks. A training program of CHOPEX staff has also started in order to ensure that the team is adequately skilled to conduct long term operation and level-1 maintenance of the engines, now property of CHO Morcenx. This training will be completed by the end of 2014 and will allow the CHOPEX teams to run the engines autonomously.

Final acceptance delays by the late delivery of additional engines:

Within the planning previously announced on in August 2014, was the delivery of additional engines to the 2 engines already running at CHO Morcenx, which would allow the plant to exceed 10MWe of electrical output.

However, the engine supplier has just informed the company of their inability to deliver new engines within the previously announced timeframe, and therefore causing a delay in the final acceptance date. The Management is actively looking for potential alternatives and is working with several channels, including the current engine supplier, in order to secure those engines earlier.

It is important to note that the only impact of the quantity of engines is the raw electrical power output. The process fundamentals are not affected by this delay.

Upgrade program underway:

Over the next few weeks, the engineering and operation teams at CHO Power and CHOPEX will be entirely focused on the implementation of the next phase of upgrades, in part due to the increased availability of cash resulting from the successful fundraising in November 2014 and in part due to the additional time available because of the late delivery of engines.

The main objective of these upgrades will be to increase the throughput of waste and biomass and reach steady state operation at nominal capacity of the plant. The upgrades will be also aimed at improving environmental performance and plant aesthetics before the final acceptance by the client.

In particular, a new heat exchanger will be delivered and installed in January 2015. Slightly larger than the original exchanger, and made of more resistant materials, it will ensure continuous and reliable syngas flow and temperature control before injection into the engines.

In addition, upon recommendations made at the end of November 2014 by a reputable technical consulting firm, with strong expertise in boilers, the company has decided to invest over 700k€ into adding economizers to the recovery boiler, in order to optimize thermal efficiency at full load, and to reduce soot blows which cause instability in the process. These economizers will be delivered and installed in April 2015.

New estimate of Final Acceptance Timing:

An updated target date for Final Acceptance will be released early 2015, as soon as the impact of the above has been fully assessed and evaluated. At this time, Management estimates a Final Acceptance date before the summer, either with all the engines at full capacity (if a shorter solution is found for other engines in the market) or with only the 2 existing engines at a proportional capacity (which would be followed by the installation of the final engines at the latest in September 2015, when the original engines are due to be delivered – this is the worst case scenario).

Pipeline projects progressing on schedule:

Management remains very confident in the previously announced timeline of the new projects (which are in no way affected by a delay from the engine supplier in Morcenx), in particular the timing of CHO TIPER, which is supported by the recent successful tests in Morcenx. As a matter of fact, a delegation from the Thouars city and region, including 18 officials, visited CHO Morcenx beginning of December, where they were able to witness the plant in operation.

Further, work on a third plant has started already, a team of CHO Power and CHOPEX engineers visited the site last week.

Evidence of increasing market traction:

The CHO Power stand at the Pollutec exhibition (Lyon, 2-5 Dec 2014) welcomed over 50 qualified (ie with strong interest for advanced gasification) visitors, leading to over 30 qualified meetings, most of these contributing to feeding the project pipeline.

Furthermore a delegation of 15 British guests, representing 12 companies active in the UK waste sector visited the Morcenx plant last week.

Management reiterates confidence:

“Given all the efforts deployed in the last few months, and all the progress achieved, as well as the support of our Shareholders and partners, the likely one-quarter postponement of the Final Acceptance of the CHO Morcenx plant is disappointing. However, this delay is essentially caused by logistical factors, and the successful endurance tests performed over the last 2 weeks further strengthen our confidence in the viability of the process, as well as the confidence of our current and future customers.” said Jean-Eric Petit, CEO of the Group.

The company remind its Shareholders that it aware of their expectation but, in accordance with Market Regulations, it can not be individually answered to requests for information.

About Europlasma

Europlasma, the French company with a global reach that designs, builds and operates plasma solutions for renewable energy generation and hazardous waste recovery. Founded in 1992 to apply its proprietary plasma torch technology to hazardous waste destruction, it is now built on the following three business units:

- **Europlasma** is in charge of developing, constructing and operating various industrial processes using plasma technology;
- **CHO Power** is a supplier and operator of waste and biomass power plants by advanced gasification;
- **Inertam** is the global specialist in the destruction and recycling of asbestos and hazardous waste.

<http://www.europlasma.com> [Altomext - NYSE Euronext Paris – Mnemo : ALEUP – Isin : FR0000044810]

EUROPLASMA

Jean- Éric PETIT - CEO

Laurence GÉRICOT - CFO

Anne BORDERES – Shareholders & investors contact

Tel: + 33 (0) 556 497 000 / contactbourse@europlasma.com