



Preliminary Take-Over of the CHO Morcenx power plant Listing Suspension Maintained

Successful Preliminary Take-Over of the CHO Morcenx advanced gasification plant

Since starting up the renewable energy plant in February 2014, several tests campaigns have been performed, each one allowing the operator to improve his knowledge of the process, to fine-tune the operational parameters, and to improve the plant performance.

The successful performance of endurance tests carried out between June 9 and June 13 allowed the company to secure the Preliminary take over (Preliminary TOD) certificate from the client. During this period, 372 tons of fuel (waste and biomass) were processed and 266 MWh of renewable electricity were delivered to the grid.

As a consequence to delivering this significant milestone, the client CHO Morcenx paid the total sums due upon TOD under the contract. And the participation of CHO Power, wholly owned subsidiary of Europlasma, in CHO Morcenx will be increased from 25% to 35% through exercise of related warrants.

The process is validated

This preliminary TOD is the tangible evidence of the validation of the innovative process developed by Europlasma. During these endurance tests, all the operating parameters initially set in the contract for the TOD have been met or exceeded, except the average power output, slightly superior to 3MWe, which remains at this stage in the test program below original expectations.

The reasons for the low electrical output are now identified and solutions are known. These reasons are of two types: the fragility of various auxiliaries, generating frequent stoppages, and the sizing of a few equipments, designed and built before the change of gasifier in 2013.

The execution of corrective measures will require additional investment, c. €1 million, and time: some will be completed in a few weeks, others may take a few months depending upon the delivery lead time from our suppliers.

Upon execution of the initial improvements, most probably before the end of July, a new performance test will be performed, results will be promptly communicated to the market.

Jean-Eric Petit declared: « I congratulate the CHO Power and CHOPEX teams for successfully validating the CHO Power technology. Thanks to efforts made over these last few months, the sources of improvement of this industrial prototype plant and the identification of relevant solutions have been established. I also thank all of our shareholders and partners for their patience, as I am well aware that the delay of the preliminary take over was painful for all ».

Europlasma's cash situation remains fragile, trading remains suspended.

The support from the French Authorities, from our industrial partners, and from our financial partners, as outlined in the press release dated 8 April 2014, has been decisive, since it enabled the Group to validate the CHO Power technology. The financial partners in particular have granted the Group a €2.8 million loan in two tranches. The last one of €1.1 million, being conditional upon securing the TOD, has just been paid.

Nevertheless, the Group's cash situation is again challenging, and the investments required to execute the technical improvements, combined with the extended duration of the ramp-up period (currently being assessed), will inevitably increase the group's working capital requirements in the next few months. These issues will be addressed next week in a specific release.

Confronted to uncertainties on the Group's cash situation, and in the interest of shareholders, stock trading remains suspended until publication of the Auditor's report on the 2013 Accounts, expected by mid-July 2014.

About Europlasma

Europlasma is a French Group operating in the clean technologies and renewable energy production industries. Founded in 1992 to apply its proprietary plasma torch technology to hazardous waste destruction, it is now built on the following three business units:

- **Torches & Processes - Europlasma** is a world-wide supplier of plasma heating systems and related applications
- **Hazardous Waste - Inertam** is the global specialist in the destruction and recycling of asbestos and hazardous waste
- **Renewable Energies - CHO Power** is a producer of electricity from waste and biomass gasification.

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