EUROPLASMA
A leading Provider of Clean Technology and Clean Energy Solutions

New Capital Increase, Conversion of the Bridge of 2012 and Improved Existing Financing Conditions

EUROPLASMA (Alternext – ALEUP), is announcing:

1. Capital Increase and Improved Financing Conditions

- ***Rights Issue of €3.8 million***

  A rights Issue will be carried out with preferential subscription rights for existing shareholders, up to €3.8 million based on two (2) New Shares for five (5) existing shares at a price of €0.60 per New Share (see details below), to finance the working capital needs of Europlasma Group in new money until the TOD (Take Over Date - provisional technical delivery of the plant).

  The working capital needs of Europlasma Group in new money until the TOD are of around €3 million and the fundraising's budget will be allocated to finance part of the commissioning of the plant generating electricity from waste and biomass CHO Morcenx. In particular, the funds raised will support the work of commissioning of new gasifier and the entire system until the TOD set to 02/28/2014. As a reminder, all costs for the new gasifier were financed through this summer's financing, and teams have been able to achieve so far an on-budget construction and erection, positioning the group for an on-time delivery.

- ***December 2012 Bridge Loan Conversion***

  At the same time, the reference shareholder, Credit Suisse Europlasma SPV (CSE), will convert its December 2012 €2.00 million existing bridge loan, including associated interests €0.2 million into the Rights Issue, partially or wholly.

  Following their recent investment in July 2013, this shows their continued confidence in the business and support for the company, facilitates the achievement of the legal threshold of a minimum of 75% subscription of the Rights Issue, deleverages the Group's balance sheet and further aligns all shareholders. Given the large conversion commitment of CSE, for this threshold to be achieved; only € 0.65 million has to be subscribed in cash. In case it is not, see below.

- ***Improved July 2013 Loan and EPC Financing Conditions***

  As part of the above overall improved financing conditions of the company, given the continued positive progress in the Morcenx plant, the Management and Board have successfully renegotiated several key conditions of the group's existing loans, further creating liquidity and stability for Europlasma and its subsidiaries.

  - This includes delaying the repayment dates of this summer's loans, improving their interest rate, allowing for earlier release of certain EPC (Engineering, Procurement & Construction, construction contract and turnkey delivery of CHO Morcenx power plant) guarantees and other general improvements.
  - All these provide for an improved financing conditions for the Group, allowing for decreased cash needs in 2014

- ***Specific Risk Factors***

  - A partial success would be the case of a total amount of cash subscription of more than € 0.65 million but less than €3 million.
  - Failure would be the case of cash subscription of less than € 0.65 million
  - Given that the Take Over Date is to be achieved within 30 days of the end of the subscription period for the New Shares, the Management and Board of Directors believe and are confident of the Group's sustained durability, providing a unique opportunity for investors to participate in the growth of the business at an attractive valuation.
  - However, Management has engaged in discussions with other new investors who have shown (and continue to show) interest in the company, both at the Europlasma public share level as well as the key subsidiaries.
  - As such, if only partial success or failure of the fundraising occurs, the Management and the Board of Directors will continue to harvest these existing attractive fundraising alternatives, including:

- Intensifying discussions with potential qualified investors at the Europlasma level, which are on-going and where strong interest has been shown, and.
- The possible investment of minority shares in the subsidiary CHO Power, head of the Renewable Energy segment, or Inertam, the Hazardous Waste sector.

- It is reminded that the auditors in their audit report on 2012 consolidated accounts have made a provision on the goodwill valuation of Europe Environnement and AMCEC (since sold on December 16, 2013 cf Press Release of December 17, 2013) and an observation on the sustainability of the exploitation mentioned in 2.1.2 and 13 of the Appendix) .

2. Operational Updates

During the second half of 2013, and as per the PR of 2013/10/31, Europlasma has been reorganized in two separate business units and an engineering bureau tied up to the company's top management.

The Company is now focused on a successful start of the Morcenx plant, developing the "Pipeline" of new projects for the CHOP power plants, a sustained and profitable performance from Inertam and a new life of the torch & process division: nuclear waste processing and plasma torches for the steel industry being the drivers for the near term future of this division.

- ***Renewable Energy (CHO Power)*** – To date, the Morcenx plant's budget and construction schedule are on track. The gasifier is erected on its base since 21/11/2013 and the control equipments are being fitted. The start-up of the plant is planned from mid -January to achieve the Take Over Date on 28/02/2014. Additionally, the KIWI prototype (a joint venture with Kobelco Eco Solutions a subsidiary of Kobe-Steel) has confirmed the efficiency of the gasifier/Turpoplasma association for producing clean syngas.
- ***Hazardous Waste (Inertam)*** – With Inertam having been fully reorganized and the equipment completely overhauled, the results have significantly improved since the plant restarted operations in late September 2013 and the half year loss should not increase at the end of 2013. The impact of the operational improvements should be perceptible over a full year from 2014 onwards.
- ***Torch & process (Europlasma) –*** Europlasma delivered to Bulgaria in November 2013 the plasma furnace for conditioning of low level radioactive waste of the Bulgarian nuclear power plant. The equipment has successfully passed the factory acceptance test in summer 2013.
- ***Air & Gas (Europe Environnement) –*** As revealed in the PR of 2013/12/17 , the sale of EE (50.2% owned) for a total value of €3.5 million is effected, bringing in immediate and medium-term cash flow relief to the Group.

3. Future Financing Perspectives

- ***Future Financing Needs of the Business***
  - The Group will need additional funds (around €2.5 million, assuming the consummation in full in cash of the above increase, the Take-Over-Date happening on time and the plant performance during the ramp up meeting expectations) to face its working capital requirements from the Take-Over-Date up to the Acceptance Date, scheduled on 30 September 2014.
  - This additional cash need (without contribution from new turnover), will be met on an improved financing landscape after the Take-Over-Date, once the success of the Morcenx has been established
- ***Additional Potential Future Convertible Investment for up to €2.5 million***
  - Qualified investors' belief in the company is evidenced by their expressed desire to invest in the future.
  - A Term Sheet with qualified investors is being discussed for an additional up to €2.5 million.
  - This financing will be issued on terms that are at least as favorable to the Company than the contemplated Rights Issue, ensuring the company's shareholders receive the most optimal terms at all times.
  - At this point, it provides the company with the potential for future funds to ensure its liquidity for the medium-term, mitigating the above future cash needs.

4. Chairman's Message with on the Financing and New Management

"The funds raised will be used by Europlasma to allow the Group to face its working capital requirements up to the Take-Over Date scheduled on 28/02/2014, unlocking a much more improved financing landscape for the Group at that time.

These funds will also allow our new CEO, Jean-Eric Petit (please refer to PR issued on 2013/12/19) to follow up on the job done since July 2013 and to focus on the Group's growth and profitability, ensuring our shareholder's interests and best cared for and restoring confidence in our trajectory".

5. Right issues details

Indicative schedule:

- Authorization of the issue:
Decision of the Board of Directors on 23 December 2013 under the delegation granted by the combined general meeting of November 8th, 2013 (14th resolution)

Board of Directors' decision	23 December 2013
Publication of a press release relating to the issue	3 January 2014
Publication of a notice in the French official gazette (BALO)	3 January 2014
Opening of the subscription period	6 January 2014
Closing of the subscription period	20 January 2014
Publication of NYSE Euronext Paris SA's notice relating to the admission of the new shares and the scale for the distribution of subscriptions subject to allocation	24 January 2014
Settlement-delivery of New Shares	29 January 2014
Listing of New Shares	29 January 2014

- Conditions for the transaction:

The transaction involves the issuance of 6,305,894 New Shares, representing 40% of the number of shares constituting the share capital of the Company prior to operation. The potential voting rights from the capital increase will be below 40% of the related number of shares due to the statutory double voting rights for nominative shares held for more than 2 years.

Issue amount – The amount of the 6,305,894 New Shares issue, including the issue premium, represents a total of €3,783,536.40 (€630,589.40 nominal and €3,152,947.00 issue premium), corresponding to the product of the number of New Shares to be issued multiplied by the subscription price for one New Shares, i.e. €0.60.

Extension option – The Board of Directors may increase the amount of the issue in the event of excess demand, as authorized by the combined general meeting on November 8th, 2013 (19th resolution)

Subscription price – The unit subscription price for a New Share is €0.60, representing an issue premium of €0.50. The price is equal to 81% of the volume weighted average trading price for the last five trading days before the Board of Directors' decision to issue the capital increase.

Subscription opening and closing dates – From January 6, 2014 to January 20, 2014.

Preferential subscription right on an irreducible basis – Subscriptions for New Shares are reserved in priority for existing shareholders or transferees of the preferential subscription rights, who will be able to subscribe on an irreducible basis, with 2 New Share for 5 preferential subscription rights, without taking into consideration any fractions.
Shareholders or transferees of their preferential subscription rights which, relative to the subscription on an irreducible basis, may not hold a sufficient number of existing shares or preferential subscription rights to obtain a whole number of New Shares, will be able to buy or sell the number of preferential subscription rights necessary to reach a multiple giving a whole number of New Shares.

Preferential subscription right subject to allocation – Shareholders have a subscription right for shares subject to allocation.

Exercise of the preferential subscription right – To exercise their preferential subscription rights, holders will need to submit a request through their financial intermediary if any and pay the corresponding subscription price. The preferential subscription right will need to be exercised by its beneficiaries, subject to being forfeited, before the end of the subscription period.

In accordance with French law, such rights may be traded for the duration of the subscription period, i.e. for January 6, 2014 to January 20, 2014 inclusive, under the same conditions as existing shares.
The selling party will divest the preferential subscription right to the transferee which, for exercising the preferential subscription right acquired in this way, will purely and simply take the place of the existing shareholder in terms of all the rights and duties.
Any preferential subscription right not exercised by the end of the subscription period will be null and void as of right.

If subscriptions on an irreducible basis and subject to allocation have not accounted for the entire share issue as defined above, the Board of Directors may use, in the order it deems relevant, some or all of the options provided for under Article L. 225-134 of the French commercial code (Code de commerce), with the exception of a public offering as per Articles L 411-1 and L 411-2 of the French monetary and financial code (Code monétaire et financier).

Listing of the preferential subscription rights – The preferential subscription rights will be detached on January 6, 2014. They will be listed and traded on NYSE Euronext Alternext Paris under ISIN FR0011680016 from January 6, 2014 to January 20, 2014 inclusive.

Limitation of the capital increase – The Board of Directors may limit the capital increase to the amount of subscriptions collected provided that these represent at least 75% of the amount initially set.

Impact on participation in the capital of a shareholder

A shareholder holding 1% of the capital of the Company prior to the issue and decided not to subscribe to the new shares would see its stake in the Company evolve as follows:

	Number of shares	% of participation
Before transaction	15 764 735	1,00 %
If taking into account the potential capital outstanding (free shares scheme)	402 912	0,98 %
Shares resulting from the capital increase	6 305 894	
After transaction	22 070 629	0,71 %
If taking into account the potential capital outstanding	22 473 541	0,70 %

Payment of subscriptions
Subscriptions for New Shares and payments of funds by subscribers, whose securities are registered on a bearer or administered registered basis, or their authorised agent acting in their name and on their behalf will be received until January 20, 2014 inclusive by the authorised financial intermediaries.
Subscriptions and payments by subscribers whose shares are held on a pure registered basis will be received free of charge until January 20, 2014 inclusive by CACEIS Corporate Trust, Services titres et financiers, 14 rue Rouget de Lisle - 92862 Issy Les Moulineaux – Cedex 09, France.

Each subscription must be accompanied by payment of the subscription price.

Funds paid in support of subscriptions will be cleared by CACEIS Corporate Trust, 14 rue Rouget de Lisle - 92862 Issy Les Moulineaux - Cedex 09, France which will be responsible for drawing up the certificate of deposit for funds acknowledging the performance of the capital increase and the issuing of the New Shares.
Subscriptions for which payments have not been made will be cancelled as of right, without requiring any prior notice.
The planned delivery date for the New Share is January 29, 2014.

Guarantee and intention of existing shareholders – There is no performance guarantee ("garantie de bonne fin) provided for the transaction. The current reference shareholder CSE SPV will participate in the fundraise by converting its December 2012 €2m bridge loan, partially or wholly (based on further subscriptions made), into the rights issues.

Dividend entitlement for New Shares – The New Shares, which will be subject to all the provisions form the bylaws, will be created with an entitlement to dividends as of their creation. As of their issue, they will be assimilated with the existing shares.

Listing of New Shares – A request will be made for the new Shares resulting form capital increase to be admitted for trading on NYSE Euronext Alternext Paris. However, they will only be able to be listed once the custodian's certificate of deposit has been drawn up. The will be admitted on the same listing line as the existing shares and will be fully assimilated with them as soon as they have been admitted for trading on NYSE Euronext Alternext Paris, which is scheduled for January 29, 2014.

DISCLAIMER

In accordance with the provisions of Article L. 411-2 of the French monetary and financial code (code monétaire et financier) and Article 211-3 of the general regulations drawn up by the French securities regulator (Autorité des Marchés Financiers, AMF), the present right issue and private placement will not be covered by an AMF-approved prospectus since the total amount of each offering is included between €100,000 and €5,000,000, and concerns financial securities which do not represent more than 50% of Europlasma's share capital in total.
A notice for shareholders relating to the right issue is being published today in the French official gazette (Bulletin des Annonces Légales et Obligatoires, BALO).

Investors are invited to consider the risk factors described in the management report of the Group in 2012 (document available including on the website of the company, in the Shareholders & Investors section / AGM November 8, 2013: www.europlasma.com)

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.

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

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