



## **Agreement signed for eight future CHO Power plants**

### **Short-term loan and bridge loan signed for a total amount of €6.7 million**

#### **FINANCING AGREEMENT FOR EIGHT ADDITIONAL FACTORIES**

The Europlasma Group announced that its subsidiary CHO Power has negotiated and signed a new agreement with the partner who provided most of the financing for the construction of the first CHO plant in Morcenx. This agreement, establishing the terms for the construction and financing of eight new plants to generate electricity from waste and biomass, provides for the financing of 10% of the construction costs by CHO Power, the remainder being funded by the financing partner. In exchange for the funding provided by it, CHO Power will have a 25% stake in the new plants; this stake may be increased to 40% provided that certain criteria are met relating to the progress and success of the project. CHO Power will be awarded engineering, procurement and construction (EPC) contract and operations and maintenance (O&M) contract for each plant.

This agreement is contingent upon acceptable performance by the CHO plant in Morcenx, which is the first of its kind, and, in particular, the take over scheduled for the winter 2012/2013.

#### **BRIDGE LOAN FROM CREDIT SUISSE EUROPLASMA SPV LLC**

Pending the next fundraise by its subsidiary CHO Power in order to fulfil the requirements of the financing agreement here above, the Group has secured from its principal shareholder, Crédit Suisse Europlasma SPV LLC, a bridge loan of a nominal amount of up to €4 million for a maximum term of 24 months. The loan is to be released in two tranches: the first tranche of €2 million will be released upon execution of the loan agreement, and the second tranche will be contingent upon completion of the CHO plant in Morcenx.

The terms of remuneration of the bridge loan will include capitalized interest calculated at the rate of 12% (increased to 15% after the first year), and the sale of share warrants to be issued by CHO Power representing a stake of up to 4% in the company's share capital. Europlasma has a right of first refusal.

The bridge loan is secured by a pledge of the shares of the subsidiary Inertam and the control of the sale of certain assets belonging to the Group (excluding gasification sector), in case of no reimbursement.

At the lender's request, the bridge loan may be reimbursed with Europlasma shares, subject to the approval of the shareholders concerned or, alternatively, with CHO Power shares.

#### **SHORT-TERM ADVANCE BY THE FINANCIAL PARTNER, OWNER OF CHO MORCENX**

To help CHO Power meet its short-term cash requirements, the company CHO Morcenx, which owns the plant, also granted CHO Power a non-interest-bearing short-term advance of €2.7 million to be reimbursed on June 30, 2013. The amount of this advance corresponds to a portion of the holdback to be paid by CHO Morcenx upon completion of the plant (take-over date), scheduled for the winter 2012/2013.

This advance has given rise to a parent guarantee issued by Europlasma. It is further guaranteed by a pledge of the Europlasma and CHO Power's VAT receivables and a mechanism that would allow the financial partner to change the governance of CHO Power, in case of no reimbursement.

The terms and covenants of these two loans will be detailed in the annual accounts and in the 2012 "Document de Référence".

This financing confirms the support of our financial partner and our principal shareholder and positions the group on a solid footing to meet its short term financial obligations and focus on progressing the CHO Morcenx project, with the aim of achieving the successful Take Over by winter 2012/2013, which is the highest objective of both management and staff.

#### About Europlasma

Europlasma is a French group specialized in clean technologies and renewable energy production. Founded in 1992 to apply its proprietary torch plasma technology to the destruction and re-use of hazardous waste, the Europlasma group now has four divisions:

- > **Europlasma** is a major international player in the field of plasma torch systems and related applications.
- > **Inertam** is a leading worldwide specialist in the elimination and recovery of asbestos waste and hazardous waste.
- > **Europe Environnement** is the European specialist in ventilation and air-depollution systems for industries.
- > **CHO Power** provides renewable energy production solutions via the gasification of waste and biomass.

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