

Press Release

29th April 2009



ZENERGY POWER

Zenergy Power plc
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Zenergy Power plc ('Zenergy' or the 'Group')

Institutional Placing to raise £9.5 million

Zenergy Power plc (AIM:ZEN.L), the superconductor energy technology company, is pleased to announce that it has raised £9.5 million (approximately £9.1 million net) by way of a placing of 7,916,667 new ordinary shares of 1p each ('Ordinary Shares') in the Company ('Placing Shares') at a price of 120p with a number of new and existing institutional investors (the 'Placing').

Arranged by Panmure Gordon & Co and Mirabaud Securities LLP, the Placing will provide the Group with additional working capital to expand its commercial activities in the United States whilst continuing to progress its ongoing research and development activities.

Background and Reasons for the Placing

Zenergy specialises in the innovation and development of clean energy devices employing highly efficient superconductive components. These devices have a number of commercial applications including smart grid deployment and energy efficient industrial applications. Since the Group last raised funds in December 2007 these target markets have grown significantly and more recently have been directly selected as recipients of economic stimulus spending in the United States. The management of Zenergy believe that this spending in the United States is already manifesting itself in commercial opportunities for the Group's products and has sought this additional funding to support an anticipated scale up of marketing, sales, manufacturing and administration in the region.

As widely documented, there has been a coordinated and committed allocation of economic stimulus funding by the U.S. and other governments towards energy efficient and renewable technologies. Within the United States in particular, the Director's note two particular stimulus proposals within the American Recovery and Reinvestment Act of 2009 that will have a direct impact on the Group's sales efforts.

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- 1) The U.S. Government's commitment to provide a 50 per cent. funding program for electricity utility companies investing in smart grid technology; and
- 2) The U.S. Government's commitment to provide a 50 per cent. funding program for industrial businesses making investments in energy efficient technology capable of reducing energy consumption by 25 per cent..

It is the Director's belief that these two proposed government funded schemes in the U.S. have clear implications for the Group's commercial prospects in relation to its Fault Current Limiter ('FCL') and to its induction heater. Zenergy's recent engagement by The Consolidated Edison Company of New York also highlights the commercial opportunities unfolding for the Group in the United States.

The Placing is conditional, inter alia, on the Placing Shares being admitted to trading on AIM. The Placing Shares will, on their issue, rank pari passu in all respects with the existing Ordinary Shares and have, subject only to Admission, been allotted and issued credited as fully paid. Application has been made for the Placing Shares to be admitted to trading on AIM, which is expected to be on or around 5 May 2009.

In addition to responding to the recent commercial developments occurring within the United States, the Group will also use additional funding to support its ongoing research and development activities that have demonstrated substantial progress since the Group's prior funding round. These achievements include – but are not limited to – the installation and operation of the world's first industrial scale superconductor device (induction heater) into commercial premises; the design completion, testing and completion of first ever installation into the United States' electricity grid of a superconductor FCL; the establishment of a development collaboration with Honeywell Specialty Materials; and the selection for participation in development projects funded by the Department of Homeland Security, the German Environmental fund, the European Commission and the Department of Energy. In addition to this, Zenergy has also been the recipient of a number of awards including the 2008 Hermes award and the 2008 AIM award for best technology.

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Financial Results for the Year Ended 31 December 2008 ('the Period')

Zenergy Power plc also announces today that it will release its unaudited Preliminary Results for the Period Ended 31 December 2008 on 1 May 2009. Set out below is an extract from the Company's institutional road show presentation highlighting the key financials for the Period. These figures have not been audited.

| Income Statement | Year End 31 Dec 2008 €000 | Year End 31 Dec 2007 €000 |
|--|---------------------------------|---------------------------------|
| Revenue | 2,028 | 268 |
| Loss before one off expenditure, research & development, depreciation & amortisation & equity settled share based payments | (2,478) | (1,586) |
| R&D expenditure | (3,028) | (2,644) |
| Loss for the period attributable to equity holders of Parent | (5,272) | (5,237) |
| EPS(Euros) | (0.12) | (0.13) |
| Balance Sheet | | |
| Cash | 6,797 | 17,746 |
| Net assets | 15,769 | 22,723 |

- Ends -

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About Zenergy Power plc

Zenergy Power plc is a superconductor energy technology company, listed on the AIM market of the London Stock Exchange and comprising three operating subsidiaries located in Germany, USA and Australia. By innovating superconductor based technology solutions, the Group provides patented clean energy devices that greatly improve the efficiency with which customers generate, distribute and use electrical energy.

To date, the incredibly energy efficient superconductive components at the heart of Zenergy's products have successfully delivered industrial customers significant reductions in energy consumption and provided utility companies with cutting-edge smart grid solutions. Looking to the near future, the Group is also developing a range of highly-energy efficient superconductor components for electricity generators capable of greatly reducing the cost of producing offshore wind power. All of which leads to the production of fewer carbon emissions in the world and a more sustainable economic growth path. In 2007 Zenergy achieved the world's first sale of an industrial scale commercial application incorporating superconductor technology and has subsequently developed products capable of addressing multi-billion dollar global markets.

About superconductivity

Superconductive materials are capable of conducting electricity without any resistance and were first discovered in 1911 in what was to prove to be one of the most significant scientific breakthroughs of the 20th century.

Superconductors enable:

- (a) Induction Heaters to be twice as efficient for the metals industry
- (b) Fault Current Limiters to protect power grids from blackouts
- (c) Direct-drive wind generators to be significantly reduced in size and weight allowing the operation of wind generators in excess of 8 MW
- (d) Existing hydro-power sites to increase energy efficiency and electrical power output

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APPENDIX

TERMS AND CONDITIONS OF, AND IMPORTANT INFORMATION ON, THE PLACING

The Placing and the terms and conditions herein, are directed exclusively at investment professionals (within Article 19 (5) of the Financial Service and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)) (such category of investors being referred to as "Relevant Persons") and no other person should respond to this announcement. Accordingly, this announcement is exempt from the general restriction set out in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity and has not been approved by a person who is authorised under the FSMA.

Members of the public are not entitled to take part in the Placing and this announcement is communicated to them for the purposes of information only. This announcement and the terms and conditions herein must not be relied on, acted on or responded to by persons who are not Relevant Persons. If you are in any doubt as to whether you are a Relevant Person you should consult a professional adviser for advice.

This announcement and appendix do not constitute an offer to sell or issue or solicitation of an offer to buy or subscribe for new Ordinary Shares in any jurisdiction, and any acquisition or application for Ordinary Shares should only be made on the basis of information contained in this document.

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The following definitions have been used in this announcement:

| | |
|---|--|
| "Admission" | admission of the Placing Shares to trading on AIM in accordance with the AIM Rules |
| "AIM" | the AIM market of the London Stock Exchange |
| "AIM Rules" | the rules applicable to AIM as published by the London Stock Exchange from time to time |
| "Board" or "Directors" | the directors of Zenergy |
| "CREST" | the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator |
| "Enlarged Share Capital" | the issued share capital of the Company immediately following the Placing |
| "Euroclear" | Euroclear UK & Ireland Limited |
| "Existing Ordinary Shares" | the 44,325,303 Ordinary Shares in issue as at the date of this announcement |
| "FSMA" | Financial Services and Markets Act 2000 (as amended) |
| "Group" | the Company and its subsidiaries |
| "London Stock Exchange" | London Stock Exchange plc |
| "Mirabaud" | Mirabaud Securities LLP, Joint Broker to the Company |
| "Ordinary Shares" | ordinary shares of 1p each in the capital of the Company |
| "Panmure Gordon & Co" | Panmure Gordon (UK) Limited (trading as Panmure Gordon & Co) whose registered office is at Moorgate Hall, 155 Moorgate, London, EC2M 6XB, the Nominated Adviser and Joint Broker to the Company |
| "Placees" | Persons making an offer to subscribe for Placing Shares pursuant to the Placing |
| "Placing" | the conditional placing by Panmure Gordon & Co and Mirabaud, on behalf of the Company, of the Placing Shares at the Placing Price, pursuant to the terms and conditions of the Placing Agreement |
| "Placing Agreement" | the conditional agreement dated 29 April 2009 between the Company and Panmure Gordon & Co and Mirabaud relating to the Placing |
| "Placing Price" | 120p per Ordinary Share |
| "Placing Shares" | 7,916,667 Ordinary Shares which are the subject of the Placing |
| "Prospectus Rules" | the Prospectus Rules made by the Financial Services Authority with effect from 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004 |
| "Securities Act" | the United States Securities Act of 1933, as amended |
| "Shareholders" | holder(s) of Existing Ordinary Shares |
| "United Kingdom" or "UK" | the United Kingdom of Great Britain and Northern Ireland |
| "United States" or "USA" | the United States of America, its territories and possessions |
| "Zenergy", the "Company" or the "Group" | Zenergy Power plc and its subsidiaries |

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The Placing

Under the Placing, Panmure Gordon & Co and Mirabaud on behalf of the Company, have conditionally placed 7,916,667 new Ordinary Shares at the Placing Price to raise £9.5 million (or approximately £9.1 million net of expenses).

Application has been made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence on 5 May 2009 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

Terms of the Placing Agreement

Pursuant to the Placing Agreement, Panmure Gordon & Co and Mirabaud have agreed to use their reasonable endeavours to place the Placing Shares with Placees.

The Placing is conditional upon, inter alia, Admission and on the Placing Agreement having become unconditional and not having been terminated in accordance with its terms prior to Admission. If the conditions contained in the Placing Agreement are not fulfilled or waived on or before 8.00 am on 5 May 2009 (or such later time and date as the Company and Panmure Gordon & Co and Mirabaud may agree, being no later than 6.00 pm on 12 May 2009) the Placing will not become unconditional and the placing monies will be returned to the Placees, without interest, as soon as practicable thereafter.

In consideration of their services in connection with the Placing, the Company will pay to Panmure Gordon & Co and Mirabaud a commission of a certain percentage of the aggregate value, at the Placing Price, of the Placing Shares. The Placing Agreement contains warranties given by the Company with respect to Zenergy, its business and certain matters connected with the Placing. Panmure Gordon & Co and Mirabaud are entitled to terminate the Placing Agreement in certain circumstances prior to Admission, principally in the event that any of the warranties contained therein are, or become, materially untrue, inaccurate or misleading or if an event of force majeure arises. In addition, the Company has given a customary indemnity to Panmure Gordon & Co and Mirabaud in respect of, amongst other things, the performance by Panmure Gordon & Co and Mirabaud of their services in connection with the Placing and the application on behalf of the Company to the London Stock Exchange for Admission.

The exercise by Panmure Gordon & Co and Mirabaud of any right of termination under the Placing Agreement shall be within their absolute discretion and Panmure Gordon & Co and Mirabaud shall have no liability to any Placee, or any other person for whom any Placee is subscribing, in respect of any decision which they make as to whether or not to exercise any right of termination or any of their other rights under the Placing Agreement.

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General

These terms and conditions apply to persons making an offer to subscribe for Placing Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Panmure Gordon & Co and Mirabaud (on behalf of itself and the Company) to subscribe for Placing Shares (which may include Panmure Gordon & Co and Mirabaud and/or its nominee(s)) hereby agrees with each of Panmure Gordon & Co and Mirabaud and the Company to be bound by these terms and conditions as being the terms and conditions on which the Placing Shares will be issued under the Placing. A Placee shall, without limitation, become so bound if Panmure Gordon & Co and Mirabaud confirms to it (i) the Placing Price and (ii) its allocation (the "Confirmation") and Panmure Gordon & Co and Mirabaud so notifies the Company's registrar on behalf of the Company.

Conditional on (i) Admission occurring on 5 May 2009 or such later date as the Company and Panmure Gordon & Co and Mirabaud may agree (not being later than 12 May 2009), and (ii) the Confirmation, each Placee agrees to subscribe for the number of Placing Shares allocated to it, at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights a Placee may have. A conditional contract note will be dispatched as soon as possible following the Confirmation.

Each Placee undertakes to pay the Placing Price for the Placing Shares issued to such Placee in such manner as shall be directed by Panmure Gordon & Co and Mirabaud. Liability for stamp duty and stamp duty reserve tax is described below. In the event of failure by any Placee to pay as so directed, the relevant Placee shall be deemed hereby to have appointed Panmure Gordon & Co and Mirabaud or any nominee of Panmure Gordon & Co and Mirabaud to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Panmure Gordon & Co and Mirabaud.

This announcement is the sole responsibility of the Company. Panmure Gordon & Co is acting as nominated adviser and joint broker to the Company and Mirabaud is acting as joint broker to the Company and to no other person in relation to the Placing. Panmure Gordon & Co and Mirabaud will not be responsible to any person other than the Company for providing the protections afforded to the customers of Panmure Gordon & Co and Mirabaud nor for advising any person other than the Company on the transactions and arrangements referred to in this announcement.

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By participating in the Placing, each Placee irrevocably represents, warrants and undertakes to Panmure Gordon & Co and Mirabaud (for themselves and as agent of the Company) that:

- (a) it and/or each person on whose behalf it is participating (in whole or in part) in the Placing or to whom it allocates its Placing Shares in whole or in part:
 - (i) has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations; and
 - (ii) has fully observed all laws of relevant jurisdictions and obtained all necessary governmental or other consents in either case which may be required in relation to the subscription by it of Placing Shares;
- (b) it is not a person who is resident in, or a citizen of, the United States, Canada, Australia, the Republic of Ireland or Japan (or an agent or nominee of such a person) or a corporation, partnership or other entity organised under the laws of any such jurisdiction (or an agent or nominee of such a person);
- (c) it is a Relevant Person;
- (d) in agreeing to subscribe for Placing Shares it has received and read this announcement including this appendix and is not relying on any information, representation or warranty relating to the Placing, Placing Shares or the Company other than as contained in this announcement and it has not relied on and is not relying on any representation or warranty or agreement by Panmure Gordon & Co and Mirabaud or the Company or any of their respective directors, employees or agents or any other person except as set out in the express terms herein;
- (e) save where Panmure Gordon & Co and Mirabaud have been given prior written notice to the contrary, in participating in the Placing it is acting as principal and for no other person and that its acceptance of that participation will not give any other person a contractual right to require the issue by the Company of any of the Placing Shares;
- (f) it irrevocably confirms Panmure Gordon & Co's and Mirabaud's discretion with regard to the Placing Agreement and agrees that Panmure Gordon & Co and Mirabaud do not owe it any fiduciary duties in respect of any claim it may have relating to the Placing;

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- (g) it acknowledges that the Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any State of the United States, that the relevant clearances have not been and will not be obtained from the Securities Commission of any province of Canada and that the Ordinary Shares have not been and will not be registered under the securities laws of Australia, the Republic of Ireland or Japan and, therefore, the Placing Shares may not, subject to certain exceptions, be directly or indirectly offered or sold in the United States, Canada, Australia, the Republic of Ireland or Japan;
- (h) it acknowledges and agrees that neither it nor any affiliate, nor any person acting on its or any affiliate's behalf, has or will offer, sell, take up, renounce, transfer or deliver directly or indirectly any Placing Shares within the United States, Canada, Australia, the Republic of Ireland or Japan or offer, sell, take up, renounce, transfer or deliver in favour of a resident of Canada, Australia, the Republic of Ireland or Japan;
- (i) it has not offered or sold and will not offer or sell any Placing Shares in the United Kingdom prior to Admission except in circumstances which have not resulted and will not result in an obligation to publish an approved prospectus arising under section 85(1) of the FSMA or a breach of such section;
- (j) it has complied with all relevant laws of all territories, or obtained all requisite governmental or other consents which may be required in connection with its participation in the Placing; that it has complied with all requisite formalities and that it has not taken any action or omitted to take any action which will or may result in Panmure Gordon & Co and Mirabaud, or the Company or any of its directors, officers, agents, employees or advisors acting in breach of the legal and regulatory requirements of any territory in connection with the Placing or its application; that it is not in a territory in which it is unlawful to make an offer to subscribe for Placing Shares; and that it will pay any issue or other taxes due under any relevant non-UK laws;
- (k) it acknowledges and agrees in connection with its participation in the Placing that Panmure Gordon & Co and Mirabaud are not acting for it in relation to the Placing or otherwise and that Panmure Gordon & Co and Mirabaud will not have any duties or responsibilities to it for providing the protections afforded to its customers or for advising it with regard to the Placing or the Placing Shares, nor do the contents of this announcement constitute the giving of investment advice by Panmure Gordon & Co and Mirabaud to it;

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- (l) it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for Placing Shares and to perform its obligations as set out herein;
- (m) save where Panmure Gordon & Co and Mirabaud have been given prior written notice to the contrary, it is not a person falling within subsections (6), (7) or (8) of sections 67 or 70 or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986 (or an agent or nominee of such person);
- (n) save where Panmure Gordon & Co and Mirabaud have been given prior written notice to the contrary, the issue of Placing Shares to it (whether as principal, agent or nominee) will not be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in sections 67 or 93 (Depositary Receipts) or sections 70 or 96 (Clearance Services) of the Finance Act 1986;
- (o) in the case of a person who confirms to Panmure Gordon & Co and Mirabaud on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises Panmure Gordon & Co and Mirabaud to notify the Placee's name to the Company's registrar, that person represents and warrants that he has authority to do all such acts on behalf of the Placee;
- (p) to the extent that a Placee is subscribing for Placing Shares on behalf of a third party and prior written notice of such matter has been given to Panmure Gordon & Co and Mirabaud as contemplated by paragraph (e) of this appendix;
 - (i) such Placee has carried out applicable procedures to verify the identity of such third party for the purposes of the Money Laundering Regulations 2003 (the "Regulations");
 - (ii) such Placee has complied fully with its obligations pursuant to the Regulations; and
 - (iii) such Placee will provide Panmure Gordon & Co and Mirabaud on demand with any information it might require for the purposes of verification under the Regulations;
- (q) it is aware of, has complied with and will comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002; and
- (r) it acknowledges that the issue of the Placing Shares to it will be issued subject to the terms and conditions set out herein.

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In the event that a Placee is not able to give the warranties in (m) and (n) above, stamp duty or stamp duty reserve tax may be chargeable or may be chargeable at a higher rate: neither Panmure Gordon & Co and Mirabaud nor the Company will be responsible for any resulting liability to stamp duty or stamp duty reserve tax, which shall be for the account of the Placee and in respect of which the Placee agrees to indemnify, and keep indemnified, Panmure Gordon & Co and Mirabaud and the Company.

Each Placee irrevocably appoints any director of Panmure Gordon & Co and Mirabaud as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares offered to it.

Panmure Gordon & Co and Mirabaud will endeavour to meet the demands of those Placees indicating that they wish to hold their Placing Shares in certificated form.

In the case of a joint agreement to subscribe for Placing Shares, references to a Placee in these terms and conditions are to each Placee who is a party to such agreement and each such Placee's liability is joint and several.

These terms and conditions and all documents and agreements into which these terms and conditions are incorporated by reference or otherwise validly form a part will be governed by and construed in accordance with English law. For the exclusive benefit of Panmure Gordon & Co and Mirabaud and the Company each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against the Placee in another jurisdiction.