

Press Release

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ZENERGY POWER

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

Successful Testing of FCL Design U.S. Department of Energy Project Update

Zenergy Power (AIM:ZEN.L), the superconductor energy technology company, is pleased to announce that it has completed the successful testing of a further design type of its grid stability device, known as a Fault Current Limiter ('FCL'). The tests were carried out as part of an ongoing US\$11million U.S. Department of Energy funded project to assist the Group with its development of a 'high-voltage' version of its patented FCL device. As announced in March of this year, Zenergy Power proudly became the first company to ever install and operate a superconductor FCL in the United States electricity grid following the installation of one of its 'medium-voltage' devices into the Avanti distribution grid by Southern California Edison. Since that time, the Group has continued its development of a second design type of FCL known as the 'compact' design which will form the basis of the Group's high-voltage product.

The successful outcome of these tests means that the 'compact' design is now considered to be fully validated as the platform architecture for the production of the Group's first high-voltage device. Moreover, this validation gives the Group further confidence in its ability to complete the development work under the funded project and, accordingly, is well positioned to advance the selection of a utility partner for what is expected to be the installation of the first high-voltage FCL into the United States electricity grid. The Group is currently engaged in a number of extensive discussions with potential utility partners for the next stage of the U.S. Department of Energy project and it will update shareholders in due course.

Further to this, the Board also notes its satisfaction with the timely progression of the U.S. Department of Energy project that is accelerating the commercial availability of Zenergy Power's high-voltage FCL product. The commercial importance of the high-voltage FCL is significant and – together with the existing medium-voltage product – forms the basis of a grid stability solution designed to directly address high-power stability issues at both medium and high-voltage sections of the grid. More specifically, the high-voltage FCL has commercial applications relating to the long distance transmission of electricity meaning the Group is positioning itself to be able to work with utility companies as they begin to invest in grid infrastructures in preparation of the large-scale integration of renewable electricity generation. It is widely recognised by utilities, governments and regulators that the large-scale integration of renewable energy into already overstretched electricity grids represents a major challenge to the maintenance of stability and efficiency. It is estimated that blackouts already cost the U.S. economy between US\$104bn

Press Release

22nd July 2009 · Successful Testing of FCL Design · Zenergy Power plc

2/3

and US\$164bn every year. Zenergy Power's FCL, designed in close consultation with utility companies in the United States, directly addresses grid stability issues by absorbing the large amounts of energy associated electrical power surges, preventing damage to grid equipment and safeguarding the supply of electricity to end-users.

Jens Mueller, Chief Executive Officer, commented:

'The successful outcome of these tests represents a major milestone within our commercialisation roadmap and we are now ideally positioned to progress towards what will be a landmark installation of a high-voltage FCL unit. I would like to thank the US Department of Energy for the significant financial support being made available for our high-voltage FCL development work. Over the course of our technology development we have been engaged with a number of the utility companies in the US and are acutely aware of the strength of demand that exists for the grid protection afforded by our FCL. The ongoing large-scale integration of renewable electricity generation is further increasing this demand and it is testament to the Department of Energy's support that we have been able to so quickly progress towards the high-voltage market.'

Following the installation of the first of our medium-voltage FCL's in March of this year, I am confident that we will move quickly to establish a utility partner for the high-voltage installation in due course. Once installed, we will be in a position to supply our superconductor solution at a time when utility companies will be looking to address the significant challenges of increasing electricity demand and renewable energy integration.'

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Press Release

22nd July 2009 · Successful Testing of FCL Design · Zenergy Power plc

3/3

About Zenergy Power plc

Zenergy Power is a superconductor energy technology company, quoted on the AIM market of the London Stock Exchange and comprising three operating subsidiaries located in Germany, USA and Australia. The Group's commercial focus is the innovation and manufacture of clean energy superconductor solutions that are capable of delivering huge efficiency and cost improvements to the generation, distribution and consumption of electrical energy.

Today, the Group's groundbreaking superconductive solutions are already delivering energy savings to industrial users of electrical energy and providing cutting-edge protection from electrical power surges to the United States electricity grid. Looking to the near future, the Group is currently developing a range of highly energy efficient superconductor components for a new class of electricity generator capable of delivering significant cost savings to the renewable energy industry. These cost savings will enable renewable energy to more effectively compete with traditional thermal power generation; leading to a greater reduction in carbon emissions and a more sustainable economic future.

In 2007, Zenergy Power became the first company in the world to complete a commercial sale of an industrial scale superconductor application and has subsequently developed products capable of addressing several multi-billion dollar global markets. Following this in the first quarter of 2009, the Group proudly became the first company to install and operate a superconductor smart grid device, capable of significantly reducing the damaging effects of large-scale power surges, into the United States electricity grid. In line with this leading industry position, Zenergy Power is also manufacturing core components for what is due to be the world's first superconductor electricity generator which is due for installation into E.ON AG's commercial hydro dam in early 2010. It is anticipated that the installation of the superconductor generator will increase the electricity output of this generator by 36%.

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:

- Energy intensive industrial applications capable of reducing energy consumption by 50%
- The protection of national power grids from blackouts
- The production of revolutionary light-weight, efficient 10MW class renewable wind generators capable of reducing the cost of offshore wind power by 25%
- The production of a new class of compact and efficient hydro generators capable of significantly increasing electrical power output from existing and new hydro dam structures

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