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If you have sold or otherwise transferred all of your Ordinary Shares please forward this Document and the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred part only of your holding in Ordinary Shares you should retain this Document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this Document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Your attention is drawn to the Letter from the Chairman of the Company, which is set out on pages 5 to 8 of this Document and the Board's recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

ZENERGY POWER PLC

(Incorporated and registered in England and Wales with company number 5509873)

Proposed sale of Zenergy Power Pty Ltd

Proposed adoption of an Investing Policy

and

Notice of General Meeting

Notice of a General Meeting to be held at the offices of Lawrence Graham LLP, 4 More London Riverside, SE1 2AU, London, at 2.00 p.m. on 16 July 2012 is set out at the end of this Document. A Form of Proxy for holders of Ordinary Shares for use at the General Meeting accompanies this Document and, to be valid, must be completed and returned to the Company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, BR3 4TU, as soon as possible but in any event, so as to be received not later than 2.00 p.m. on 14 July 2012 or 48 hours before any adjourned meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they wish to do so.

Copies of this Document will be available free of charge during normal business hours on weekdays (excluding public holidays) from the date hereof from the offices of the Company at, One America Square, Crosswall, London, EC3N 2SG and from the Company's website at www.zenergypower.com.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this Document	22 June 2012
Latest time and date for receipt of the Form of Proxy	2.00 p.m. on 14 July 2012
Date of the General Meeting	2.00 p.m. on 16 July 2012
Expected date of completion of the Share Disposal (subject to the Option having been exercised)	16 July 2012

DEFINITIONS

The following definitions apply throughout this Document, unless the context otherwise requires:

“AGM”	the last annual general meeting of the Company which was held on 18 th April 2012
AIM”	the market of that name operated by London Stock Exchange
“AIM Rules”	the AIM Rules for Companies issued by London Stock Exchange
“ASL”	Applied Superconductor Limited, a company incorporated and registered in England and Wales with company number 05284055
“Assets”	the assets which were sold by Zenergy Power Inc. to ASL, pursuant to the terms of the Asset Agreement
“Asset Agreement”	the asset purchase and option agreement entered into between the Company, Zenergy Power Inc. and ASL dated 20 June 2012, relating to the sale of the Assets and granting the Option to ASL
“Asset Sale”	the sale of the Assets to ASL pursuant to the terms of the Asset Agreement, in consideration for up to US\$400,000
“Board” or “Directors”	the board of directors of the Company
“Company” or “Zenergy”	Zenergy Power plc, a company incorporated and registered in England and Wales with company number 5509873
"Document"	this circular to Shareholders, which contains details of the Asset Sale and the Share Disposal and contains the Notice of General Meeting
"FCL Contract"	the fault current limiter contract dated 14 December 2009, between the Company and ASL in relation to the build and installation of an 11kv fault current limiter
"FCL"	fault current limiter
“Form of Proxy”	the form of proxy for use at the General Meeting, which is enclosed with this Document
“General Meeting”	the general meeting of the Company at which the Resolutions will be proposed, notice of which is set out at the end of this Document
"Group"	the Company and its subsidiaries from time to time

"Intellectual Property"	the intellectual property of the Group which is owned through Zenenergy Power Pty Ltd
"London Stock Exchange"	London Stock Exchange plc
"mFCL"	non-superconductive FCL
"Notice of General Meeting"	the notice convening the General Meeting, as set out at the end of this Document
"Option"	the option granted to ASL pursuant to the Asset Agreement, to acquire the entire issued share capital of Zenenergy Power Pty Ltd
"Option Period"	the period from the date of the Asset Agreement until 20 July 2012, during which the Option may be exercised
"Ordinary Shares"	the ordinary shares of 1 pence each in the capital of the Company
"PTY Loan"	all amounts due and payable by Zenenergy Power Pty Ltd to the Company
"Resolutions"	the ordinary resolutions set out in the Notice of General Meeting
"Sale Shares"	the entire issued share capital of Zenenergy Power Pty Ltd
"Share Disposal"	the sale of the entire issued share capital of Zenenergy Power Pty Ltd to ASL pursuant to the terms of the Share Sale Agreement, in consideration for £1
"Share Sale Agreement"	the agreed form share sale and purchase agreement to be entered into between ASL, the Company and Zenenergy Power Inc. relating to the Share Disposal
"Shareholders"	holders of Ordinary Shares
"Shareholder Approval"	the approval of Shareholders of the Share Disposal by passing Resolution number 1 by the necessary majority
"US\$"	US dollars
"US"	United States of America
"Zenenergy Power Inc."	the wholly owned US subsidiary of Zenenergy Power plc
"Zenenergy Power Pty Ltd"	the wholly owned Australian subsidiary of Zenenergy Power Inc.

LETTER FROM THE CHAIRMAN

ZENERGY POWER PLC

(Incorporated and registered in England and Wales with company number 5509873)

Directors:

Simon Cleaver, *Chairman and Chief Executive*
George Oehm, *Non-executive Director*
David Whelan, *Non-executive Director*

Registered Office:

One America Square
Crosswall
London
EC3N 2SG

22 June 2012

To all Shareholders and for information purposes only to all option holders

Dear Shareholder

Introduction

The Company announced on 21 June 2012 that, together with its wholly owned US subsidiary Zenergy Power Inc., it had entered into the Asset Agreement, pursuant to which Zenergy Power, Inc., had agreed to sell to ASL certain assets in exchange for consideration of up to US\$400,000 (approximately £255,000) (the "**Asset Sale**").

In addition, the Asset Agreement contains an option for ASL to acquire from Zenergy Power Inc., the entire issued share capital of its Australian subsidiary, Zenergy Power Pty Ltd, which may be exercised at any time prior to 20 July 2012 (the "**Share Disposal**"). The Share Disposal would be subject to the terms of an agreed form Share Sale Agreement.

Since the Share Disposal would constitute a fundamental change in business (as defined by the AIM Rules), the consent of Shareholders to the Share Disposal is being sought and accordingly a notice convening the General Meeting is set out at the end of this Document seeking Shareholder Approval. This document also sets out below the investing policy that will be adopted by the Company upon completion of the Share Disposal and in respect of which Shareholder approval is also sought at the General Meeting in accordance with the requirements of the AIM Rules.

Background to and reasons for the Asset Sale and the Share Disposal

The Board have previously updated Shareholders on Zenergy's strategic progress, most recently at the Company's AGM, when the Board informed Shareholders that, given the lack of mFCL orders, it had resolved to consider other strategic options in parallel with the continued pursuit of mFCL sales. Unfortunately, no firm mFCL orders have been achieved.

Following the AGM, the Directors also continued to search for strategic partners or a purchaser for the mFCL business in order to secure its long term future with a well established operator from within the industry. Discussions with a number of parties led to the Asset Sale and the proposed Share Disposal.

Aside from the shares of Zenergy Power Pty Ltd, the Assets are the principal realisable assets of Zenergy Power Inc. and comprise certain inventory relating to the former superconductivity business of the Group. The Assets were valued at £124,000 in the Group's accounts for the year to 31 December 2011.

The Board intends to use the cash proceeds of the Asset Sale, of up to US\$400,000 (approximately £255,000), to cover the costs of completing the Company's exit from the mFCL

business. Post the Asset Sale, the Company is expected to have approximately £4,000,000 in cash.

In addition to realising cash from the Asset Sale, the Share Disposal, for £1 on a debt free basis, will allow Shareholders to benefit from the value of the Intellectual Property, through an ongoing royalty payment which will be made to the Company of 3 per cent. in respect of sales of FCLs, and which will provide a potential income stream as a result of past investment in the Intellectual Property, while eliminating the on-going costs of supporting the mFCL business.

Additionally, the Asset Agreement releases the Company from any product warranty in connection with the 11KV FCL previously sold to ASL under the FCL Contract.

Having considered the options, the Board believes that the Share Disposal provides the best available opportunity for the successful long term development of the mFCL product line.

As previously reported, the Board has been considering a number of alternative futures for Zenergy and expects to make further announcements in that respect before the end of the summer.

Terms of the Asset Sale and the Share Disposal

On 20 June 2012, the Company and Zenergy Power Inc., entered into the Asset Agreement, pursuant to which Zenergy Power Inc., agreed to sell to ASL certain assets in exchange for consideration of up to US\$400,000. Under the Asset Agreement, the sale and purchase of the Assets is to take place in two tranches.

The first tranche of Assets was sold on the date of the Asset Agreement in consideration for US\$200,000 (approximately £127,500). The sale of the second tranche of assets is expected to take place during the first two weeks of July and remains subject to ASL having inspected the remainder of the Assets and being satisfied with their description and condition. In the event that ASL elects to proceed with the purchase of the second tranche of Assets, a further US\$200,000 (approximately £127,500) will be paid.

Zenergy Power Inc. has given limited warranties in the Asset Agreement as to title to the Assets, up to the value of the consideration received, with the Company having agreed to act as guarantor in respect of any liability under such warranties.

Pursuant to the Asset Agreement and conditional upon amongst other matters, Shareholder Approval, ASL, has agreed to waive all warranties or similar obligations due to it from the Company in relation to the FCL Contract, as well as any and all claims which have been made by it under the warranties in the FCL Contract prior to the end of the Option Period. This waiver will release the Company from potentially onerous performance warranties on previously sold FCLs.

The Asset Agreement also contains an option for ASL to acquire from Zenergy Power Inc., the entire issued share capital of Zenergy Power Pty Ltd, which may be exercised at any time during the Option Period (the "**Option**"). Subject to the Option being exercised in accordance with the terms of the Asset Agreement, the Company, Zenergy Power Inc. and ASL, will enter into the Share Sale Agreement and completion of the Share Disposal will then take place, subject to Shareholder Approval being obtained.

The consideration payable by ASL under the Share Sale Agreement in respect of the Sale Shares is £1.00. In addition and subject to completion of the Share Disposal:

- (i) provided that the fault current limiter which was built and installed pursuant to the FCL Contract is fully operational (which shall be determined in accordance with the FCL

Contract) prior to completion of the Share Disposal, ASL has agreed that it shall pay to the Company £90,000 (plus VAT);

- (ii) in consideration for the waiver by the Company of repayment of the PTY Loan, ASL shall pay to the Company, for the period of 6 years following completion of the Share Disposal, a cash amount equal to 3 per cent. of the net sales value from sales of fault current limiters manufactured using the Intellectual Property; and
- (iii) Zenergy Power Pty Ltd shall waive any and all outstanding amounts which it is owed by Zenergy Power Inc..

In the event that Shareholder Approval is not obtained, ASL has the right to return those of the Assets which it has acquired under the Asset Agreement and Zenergy Power Inc. (and the Company if Zenergy Power Inc. failed to do so) would be liable to return the full amount received in relation to the sale of the Assets. Further, the product warranty in respect of the FCL would also remain in place, obliging the Company to provide warranty support of the product.

Investing Policy

Following completion of the Share Disposal, the Company's only significant assets would be its cash balances (including the proceeds of the Asset Sale and the Share Disposal) and the continuing interest it will hold in its wholly owned subsidiary Zenergy Power Inc. Accordingly, for the purposes of the AIM Rules, the Company would be deemed to be an investing company (as defined by the AIM Rules) and would therefore upon completion of the Share Disposal be required to adopt an investing policy.

The Company's policy will be to seek a majority stake in a business or opportunity of a size that maintains existing Shareholders' control over the Company and that offers the potential to deliver strong returns to Shareholders. It is anticipated that any investment would be an active investment and the Company will initially be looking to use its existing cash assets of approximately £4,000,000 to all or partly fund such an investment.

Accordingly, a further resolution is proposed at the General Meeting seeking Shareholder approval of such policy. Following completion of the Share Disposal, the Company would then have 12 months in which to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules or otherwise implement its investing policy to the satisfaction of the London Stock Exchange.

As previously mentioned, the Board have been considering a number of alternative futures for Zenergy and would expect to make further announcements on that before the end of the summer.

General Meeting

The Share Disposal described in this Document is subject to Shareholder Approval. Set out at the end of this Document is a notice convening the General Meeting, to be held at offices of Lawrence Graham LLP, 4 More London Riverside, SE1 2AU, London, at 2.00 p.m. on 16 July 2012 at which a resolution will be proposed to approve the Share Disposal in accordance with the requirements of the AIM Rules and a resolution to approve the Company's investment policy, conditional on completion of the Share Disposal.

Action to be taken

A Form of Proxy for use at the General Meeting accompanies this Document. Whether or not you intend to be present in person at the General Meeting you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon and return it to the Company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, BR3 4TU, as soon

as possible but in any event, so as to be received not later than 2.00 p.m. on 14 July 2012 or 48 hours before any adjourned meeting. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Recommendation

Having considered all available options for the development of a viable mFCL business, the Board have concluded that the interests of Shareholders will be best served by an exit from the mFCL business and an investment in a different sector. The process of identifying and effecting an alternative investment has commenced.

Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they each intend to do so in respect of their own beneficial shareholdings, which, together with interests of other Shareholders who have indicated that they also intend to vote in favour of the Resolutions, amount in aggregate to approximately 24 per cent. of the issued share capital of the Company.

Yours sincerely

Simon Cleaver
Chairman

ZENERGY POWER PLC

(Incorporated and registered in England and Wales with company number 5509873)

NOTICE OF GENERAL MEETING

Notice is hereby given that an General Meeting of Zenergy Power plc (the “**Company**”) will be held at the offices of Lawrence Graham LLP, 4 More London Riverside, SE1 2AU, London, at 2.00 p.m. on 16 July 2012 to consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. THAT, the proposed sale by Zenergy Power Inc. of the entire issued share capital of Zenergy Power Pty Ltd (the “**Share Disposal**”), on the terms and subject to the conditions described in this circular sent to Shareholders (of which this notice forms part) (the “**Document**”) be and is hereby approved in accordance with Rule 15 of the AIM Rules for Companies of London Stock Exchange plc (and otherwise) and that the board of directors of the Company (or a duly constituted committee of the board) be and is hereby authorised to waive, amend, vary or extend any of the terms of the Share Disposal (but not to any material extent) and to do all such things as it may consider necessary or desirable in connection with the Share Disposal.
2. THAT, conditional upon the passing of resolution 1 and completion of the Share Disposal, the Company’s investing policy as set out in the Document be and is hereby approved.

By Order of the Board:
JM Bottomley
Company Secretary

22 June 2012

Registered Office:
One America Square
Crosswall
London
EC3N 2SG

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the General Meeting, or another person as your proxy, using the Form of Proxy are set out in the notes to the Form of Proxy. Completion and return of a Form of Proxy will not prevent a member attending and voting in person should they wish to do so.
2. Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different ordinary shares. You may not appoint more than one proxy to exercise rights attached to any one ordinary share. To appoint more than one proxy, you may photocopy the Form of Proxy, alternatively please contact Capita Registrars on 0871 664 0300. Calls cost 10p per minute and lines are open Monday to Friday 8.30 a.m. to 5.50 p.m..
3. A Form of Proxy is enclosed. To be valid, the Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed (or a notarially certified copy thereof) must be deposited at the Company’s registrars, Capita Registrars, **FREEPOST RSBH-UXKS-LRBC**, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 2.00 p.m. on 14 July 2012, or 48 hours before the time fixed for any adjourned meeting excluding non-working days.
4. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
7. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as 6.00 p.m. on 14 July 2012 shall be entitled to attend and vote, whether in person or by proxy, at the General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 14 July 2012, shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.
9. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by Capita Registrars (Participant ID: RA10) by 2.00 p.m. on 14 July 2012 or 48 hours before the time fixed for any adjourned meeting excluding non-working days. The time of receipt of the instruction will be the time as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Members who wish to cast their vote electronically may use the share portal service at www.capitashareportal.com.
13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Capita Registrars, 34 Beckenham Road, Beckenham, BR3 4TU. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
14. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, 34 Beckenham Road, Beckenham, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars, 34 Beckenham Road, Beckenham, BR3 4TU no later than 2.00 p.m. on 14 July 2012.
15. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
16. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

