

Zenergy Power Plc
("Zenergy" or "the Company")

Strategic Update and Sale of Assets

Further to the statements made at the Company's annual general meeting held on 18th April 2012 (the "**AGM**"), the Company is now able to announce a further update on the strategic progress of the business.

Since the AGM, despite considerable levels of commercial interest, there have been no firm orders for MFCLs. The Board is therefore pleased to announce that it has received an offer from Applied Superconductor Ltd for the purchase of certain assets of the mFCL business from the Company's wholly owned subsidiary Zenergy Power, Inc. ("**Zenergy Inc.**"). In addition, Applied Superconductor Ltd has requested the grant of an option to acquire the entire issued share capital of Zenergy Power Pty Ltd ("**Pty**") from Zenergy Inc. (the "**Disposal**").

The Disposal, once fully effective, will provide a potential income stream to the Company in the form of royalties for its past investment in the intellectual property of Pty, while eliminating the on-going costs of supporting the mFCL business, which is still to achieve material, firm orders, despite a continuing high level of commercial interest.

The Disposal, subject to certain conditions being fulfilled, will also eliminate potentially onerous performance warranties on previously sold FCLs,. The Directors believe that the disposal of the assets and of Pty to another company operating in that sector provides the best opportunity for the successful long term development of the mFCL product line.

In parallel to the above, 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.

Simon Cleaver, Executive Chairman, commented:

"Very considerable effort has been expended by the Company to secure significant orders for the fault current limiter and there remains a high level of interest in the product. Nevertheless, it has become increasingly apparent that lead times to these orders are of a length that continues to leave the Company in too uncertain a position.

"We are pleased to be able to announce the sale to ASL as proposed and have a number of detailed discussions proceeding on investment in a new business direction which, we believe, will enhance the opportunity to create meaningful shareholder returns."

The disposal of certain assets and 100% of the issued share capital of Pty

The Company is pleased to announce that it and its wholly owned US subsidiary, Zenergy Power Inc., have entered into an asset purchase and share option agreement (the "**Asset Agreement**"), pursuant to which Zenergy Power Inc., has agreed to sell to Applied Superconductor Limited ("**ASL**") certain assets in exchange for consideration of up to US\$400,000 (the "**Asset Sale**"). 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**"). Completion of the Share Disposal will take place subject to the terms of a share purchase agreement which will be entered into following ASL exercising its option.

Pursuant to the AIM Rules, the Share Disposal would constitute a fundamental change in business and accordingly it is conditional upon shareholder approval. A circular will be sent to shareholders shortly to convene a general meeting.

Under the Asset Agreement, the sale and purchase of the assets is to take place in two tranches. The first tranche of assets has been sold in consideration for US\$200,000 (approximately £127,000), 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 £127,000) will be paid. No profits were attributable to the assets pursuant to the Asset Sale or the Share Disposal.

Aside from the shares of Zenergy Power Pty Ltd, the assets which are the subject of the Asset Sale, 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.

In addition, pursuant to the Asset Agreement, subject to amongst other matters, shareholder approval, ASL has agreed to release the Company from any product warranty in connection with the 11KV FCL previously sold to it. This waiver will release the Company from potentially onerous performance warranties on previously sold FCLs.

In the event that shareholder approval is not obtained for the Share Disposal, ASL has the right to return those of the assets which it has acquired under the Asset Agreement and Zenergy Power Inc 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 11KV FCL would also remain in place, obliging the Company to provide warranty support of the product.

The Share Disposal, if approved, will be for an initial nominal consideration of £1 on a debt free basis but allow the Company's shareholders to benefit from the value of the Group's intellectual property which is owned by Zenergy Power Pty Ltd through an ongoing 3% royalty payment to be made to the Company in respect of sales of FCLs for the next 6 years, which will provide a potential income stream as a result of past investment in the intellectual property of the Group while eliminating the on-going costs of supporting the mFCL business.

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 and the cash proceeds of the Asset Sale will be used 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 million in cash.

Ends

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