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ReEnergy Group plc

Completion of Placing and Application for Admission to AIM

ReEnergy Group plc ("ReEnergy" or "the Group"), the waste management, sustainable energy and water treatment company, is pleased to announce it has successfully raised £6.5 million through a Placing and has applied for its shares to be admitted to AIM. In addition Boston Equities International has provided a convertible working capital facility of £5.0 million and has also made an irrevocable commitment to subscribe for 1,666,667 shares on or before 31 March 2006 at the placing price.

Trading in the shares is due to commence on 30 December. Strand Partners is acting as Nominated Adviser and Cenkos Securities as broker and to ReEnergy.

Key information:

ReEnergy is a UK-based company established in November 2004 to take advantage of significant opportunities identified in the waste management, sustainable energy and water treatment sectors for the provision of renewable and sustainable environmental solutions and resource management.

Key Highlights

* Major legislative, economic and environmental drivers in particular UK backed EU landfill directives, global emissions targets, UK energy policy and concerns over water shortage
* Real changes are required by both companies and local authorities to meet these directives
* ReEnergy's portfolio of technologies are already proven to meet these requirements and demands, including
  - Estech (Mechanically separates waste)

    - Pirelli (processes separated waste into fuel)
    - ITI Gasifiers (takes fuel and gasifies it into syngas for use in engines)
    - TRU (Thermal Recovery Unit - uses waste heat to increase energy generation)
    - Oases (water desalination)
    - PowerBuoy (energy production from waves)
* Experienced management with first hand knowledge of the sectors and markets
* Following the Placing, ReEnergy will have a total of 37,342,651 shares in issue, giving the Group a market capitalisation of £28.01 million at the Placing price.

Commenting on the successful fund raise Roger Hewitt, Executive Chairman of ReEnergy, said:

"The highly successful IPO of ReEnergy is a key development in the building of a diverse but complimentary business in waste management, sustainable energy and water treatment - the funds raised will allow the Group to maximise the significant opportunities in these core markets, all of which are increasingly coming under the scrutiny of international regulation. We have put together an exceptional team to exploit these opportunities and look forward to working with our shareholders in delivering on what is a very exciting business plan."

For further information please contact:

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Executive Chairman

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The following is extracted from the Admission Document copies of which are available at the offices of Strand Partners

INFORMATION ON THE COMPANY
1. Introduction
ReEnergy is a UK-based company which was established in November 2004 to take advantage of significant opportunities identified in the waste management, sustainable energy and water treatment sectors for the provision of renewable and sustainable environmental solutions and resource management.

The Directors have identified a rapidly growing demand in each of the above sectors for technologies that are considered sustainable and resource-efficient. This demand is fuelled by strong legislative, regulatory, environmental, social and commercial drivers and, in particular, national and international

requirements for a sustained increase in the treatment, recycling and diversion from landfill of waste, a significant increase in the availability of potable water and enhanced energy efficiency together with reductions in carbon emissions.

ReEnergy intends to respond to these demands by providing the following principal technologies and solutions:

- Separation and recycling of Municipal Solid Waste ("MSW") and residual waste and the production of fibre;
- Processing fibre to produce building products or the generation of energy;
- Processing MSW and residual waste to produce biofuel or high-grade refuse derived fuel ("RDF");
- Generation of sustainable energy through the use of high-grade RDF;
- Generation of renewable energy through the gasification of biofuel;
- Generation of electricity using low-grade waste heat recovered from power generation and industrial processes; and
- Production of potable water by the desalination of sea water.

ReEnergy's preferred solution is to secure commercial advantage through the application of these technologies in the UK and other territories into new BOO projects.

Each of the process technologies has undergone rigorous technical and commercial due diligence and has demonstrated significant market opportunities in the relevant territories of application.

ReEnergy has a highly experienced management team with strong operating, financial, technical and project structuring skills and with a proven national and international track record of achieving high rates of growth and value within various industries, including waste management, contracting and power generation.

2. Sustainable waste management
ReEnergy's principal focus is on sustainable waste management, leading to power generation where appropriate. The Group has established a UK waste management business to provide what the Directors believe to be market leading solutions to meet market demands driven by UK and EU legislation that requires a substantial diversion of MSW away from landfill, thereby encouraging the recycling of materials and the use of waste materials for energy recovery.

The Directors consider the UK waste sector to have been characterised over the past 25 years by three distinct phases of development, each of which enabled the dynamic growth of several companies active in the sector:

- Phase 1: the development and consolidation of waste collection and transport activities;
- Phase 2: the evolution of bulk transfer of waste from conurbations to

remote landfills, driven by the growing shortage of landfill space close to centres of population; and
- Phase 3: the privatisation of Local Authority waste collection and disposal activities.

The Directors believe that the waste management sector is entering a fourth phase in its development, driven primarily by directives issued by the EU, which will require a step change in waste disposal methods away from landfill and towards sustainable technology processes of materials recovery and recycling. The Directors fully intend to exploit this fourth phase and to establish ReEnergy as a leading waste management business in the UK.

The Company has also identified as part of its waste management strategy considerable potential arising from sustainable power generation and in particular the generation of electricity from high-grade RDF, landfill gas power generation sites and waste industrial heat sources.

2.1 Market drivers for waste management

2.1.1 EU Landfill Directive
England and Wales produce approximately 28 million tonnes of MSW each year, of which approximately 78 per cent. has traditionally been landfilled. At historical annual growth rates of approximately 3 per cent., the volume of MSW is forecast to double by 2020. However, the EU Landfill Directive requires a phased reduction in the biodegradable element of MSW landfilled to 35 per cent. of 1995 levels by 2020. Failure to comply with these stepped targets may be punishable by fines.

2.1.2 Waste Strategy 2000
A stated objective of the UK Government's waste strategy is the reduction of the quantity of commercial and industrial waste landfilled to 85 per cent. of 1998 levels by 2005, which the Directors believe will produce additional waste for processing.

2.1.3 Recycling & composting targets
The national recycling and composting targets are to recycle or compost at least 25 per cent. of MSW by 2005, rising to at least 33 per cent. by 2015. DEFRA has set statutory recycling and composting targets for each Local Authority, with financial penalties to be imposed for any Local Authorities which fail to achieve such targets.

2.1.4 New processing infrastructure
Waste Strategy 2000 indicates that by 2020 there will be a need to divert away from landfill approximately 10 million tonnes of biodegradable waste each year. Waste Strategy 2000 also states that if the 3 per cent. annual growth in MSW is taken into account, the volume needing to be diverted will be increased to 33 million tonnes per annum. Various estimates have been made of the amount of capital required to be invested in new facilities to deal with this demand. If all of the projected 33 million tonnes were diverted to mechanical biological

treatment ("MBT") plants of 100,000 tonnes per annum capacity, 330 such plants would be required at an estimated total capital investment of approximately £9.9 billion.

2.1.5 Landfill Allowances and Trading Scheme (England) Regulations 2004
The Landfill Allowance Trading Scheme is an element of the UK Government's strategy for meeting MSW diversion targets set in the EU Landfill Directive and the Landfill Allowance and Trading Scheme ("LATS") established under LATS Regulation 2004 is already in operation. All Local Authorities have been set limits for the MSW that they can landfill, with these limits published and reducing every year to 2020. Local authorities that do not meet the limits imposed will pay (on top of the gate fee and landfill tax which together total approximately £35 per tonne) a penalty of £150 per tonne of MSW landfilled beyond the permitted limit. In addition to this penalty, central government has reserved the right to pass on any fines imposed by the EU as a result of the UK failing to meet its targets under the EU Landfill Directive. LATS enables trading between those authorities that have achieved or exceeded their targets and those that have not achieved their targets.

2.1.6 Kyoto Protocol
Under the Kyoto Protocol, the EU has undertaken to cut greenhouse gases by at least 8 per cent. of 1990 levels by 2012. The UK's own target is a 12.5 per cent. reduction in greenhouse gas emissions from 1990 levels, by 2008 to 2012. Since January 2005, companies based in the EU have faced fines for emitting greenhouse gases in excess of levels allowed under self-imposed national allocation plans. The UK's national allocation plan has been established by DEFRA and sets out the allocations, by sector, in line with the 12.5 per cent. reduction in carbon dioxide emissions. The majority of the reduction has to be achieved by the power sector.

2.1.7 EU Emissions Trading Scheme
Emissions trading involves companies that can make greenhouse gas emission reductions for a relatively low cost selling all or some of the right to those reductions, in the form of carbon credits, to companies that would find it difficult to achieve in-house emission reductions for a lower price than the price of the carbon credit. The price of each carbon credit will therefore depend on the economics of supply and demand. As prices are quoted in per tonne of CO2, when savings are made in more potent greenhouse gases, such as landfill gas (methane), which has 23 times the global warming potential of CO2, the relative value of a tonne of emissions reduced or avoided is considerably greater.

2.1.8 The Large Combustion Plant Directive
Under the LCP Directive, strict limits are to be placed on the SOx, NOx and particulate emissions of power stations from 2008. Qualifying plants have the right to opt into or out of the LCP Directive. Those plants that opt out will be restricted to 20,000 hours of operation in total from 2008, with enforced closure by the end of 2015.

2.1.9 Renewables Obligation Order
The Renewables Obligation Order sets percentages of the total electricity supplies which must be derived from renewable sources in each year, starting at 3 per cent. in 2002 and increasing by 1 per cent. per annum to a maximum of 15.4 per cent. by 2016. The Renewables Obligation Order applies to all UK electricity suppliers who, to meet the annual obligations, must either generate electricity themselves from renewable energy sources or contract a supply of renewable energy from outside generators. For each MW of supply provided, a ROC is allocated by OFGEM to the generator, and as ROCs are the means by which suppliers can meet their obligations under the Renewables Obligation Order, the Directors believe that generators contracted by electricity suppliers will be able to command a premium for electricity generated from renewable sources.

2.1.10 Methane to Markets Partnership
Sixteen countries, including the UK, belong to the US Environmental Protection Agency's international partnership that aims to reduce emissions of methane. The Methane to Markets Partnership promotes the recovery of methane and its use as a fuel and targets three main sources of methane: landfills, coal mines and natural gas and oil systems.

2.1.11 UK coal supply
Forecasts show that coal will remain a major fuel source for the generation of electricity in the UK to 2011 and beyond. The Directors believe, however, that the UK's domestic coal industry has been in steady decline for the last 30 years. There are currently only 83 coal mines in active operation, producing approximately 23 million tonnes per year, compared with some 1,000 coal mines in 1945 producing approximately 100 million tonnes per year. The Directors further believe that a stable and secure source of high-grade RDF, in volume, will be of interest to coal fired power stations. This belief is founded upon the assumption that, whilst coal can be imported from various international and domestic suppliers, a sustainable competitive alternatives are desirable. The availability of domestic supply is diminishing and imports are subject to infrastructure constraints and other demands on fuel transport.

2.2 Waste technologies
ReEnergy has identified four complementary process plant technologies that produce different end products tailored for different re-use or recycling markets.

2.2.1 Estech Europe
ReEnergy has entered into a binding sale and purchase agreement to acquire, conditional on Admission, 51 per cent. of Estech Europe, a company that has licensed a proven US technology, Fibrecycle1, for England, Wales and Europe (but excluding Scotland).

The typical Fibrecycle process plant receives approximately 100,000 tonnes per annum of waste for processing. This can be either MSW or residual waste. The process sanitises the waste using a steam autoclave and then mechanically separates and recovers metals, plastics and aggregates for recycling. The end

product is a bio-stabilised organic fibre that can be converted into value-added products, such as compost or fibre board building products, or further processed into a biomass fuel.

Estech Europe is currently preferred bidder, pre-qualified or developing opportunities for Local Authority waste disposal contracts in England and Wales totalling over 1 million tonnes per annum. Estech Europe is also currently negotiating with the Councils of Hereford and Worcester to build Fibrecycle1 plants to handle a maximum tonnage of 344,000 of unsorted or residual waste per annum under a contract expiring in 2028. The Directors expect that the Fibrecycle1 plants will be brought into service on a phased basis during the contract period, with the first plant expected to be operational in 2007, and estimate that the total tonnage processed over the life of the contract will be a minimum of 5.7 million tonnes.

2.2.2 Pirelli Ambiente
Pirelli Ambiente, a company of the Pirelli Group, has a portfolio of advanced environmental technologies based on the know-how developed in this field by the Pirelli Group. ReEnergy has entered into arrangements with Pirelli Ambiente under which Pirelli Ambiente will grant the Company a licence to exploit Pirelli Ambiente's patents and know-how related to the manufacture, use or sale of high-grade RDF in the UK. The Pirelli Agreement also envisages the possible future establishment of a UK joint venture company.

Pirelli Ambiente's processes produce a high grade RDF that is, almost entirely derived from the dry fraction of municipal solid waste with the addition of highly calorific components (such as chlorine free plastics and granulated rubber) and is predominantly used in co-firing in partial substitution of coal in already existing industrial facilities such as thermoelectric power plants and cement kilns. In Italy, Pirelli Group's technology has been used for over two years in Cuneo, in the North-West of the country, where the proportion of energy recovery from MSW (approximately 32 per cent.) is higher than both the Italian average (8 per cent.) and the European average (25 per cent.).

In providing an effective solution to the problem of waste disposal, the use of Pirelli Ambiente high-grade RDF in partial substitution of coal in existing plants reduces the emissions of nitrogen oxide and carbon dioxide. In addition to the environmental advantages, it also offers economic benefits: according to a study by the Institute of Economy and Politics of Energy and Environment at Milan's Bocconi University, electricity produced with Pirelli Ambiente's high-grade RDF has the lowest production cost among all renewable energy sources.

Pirelli Ambiente estimates that the high-grade RDF produced by this technology can be used for co-firing in conventional coal-fired power stations and cement kilns, replacing fossil fuel by 10 per cent. and 40 per cent. respectively.

2.2.3 ITI Energy
ReEnergy has entered into a memorandum of understanding with ITI Energy to

exclusively exploit ITI Energy's patented gasifier technology within the UK, Spain and the US for use in conjunction with MBT systems.

ITI Energy's patented gasification system produces combustible gas using densified combustible solid material, including RDF such as fibre from the Fibrecycle process. The combustible gas produced by the ITI Energy gasifier will be utilised in an internal combustion gas engine to generate Grid-quality electricity. The Directors believe that the addition of ITI Energy's gasification systems to the Fibrecycle1 process will give ReEnergy an enhanced appeal to Local Authorities, in that the process:

- offers a cleaner alternative to incineration. The ITI Energy gasification process produces low emission levels that comply with the Waste Incineration Directive;
- reduces the proportion of MSW that is required to be landfilled following treatment;
- provides an additional revenue stream for the Local Authority and ReEnergy through the generation of electricity; and
- is eligible for ROCs.

2.2.4 Thermal Recovery Unit
ReEnergy has licensed an industrial heat recovery technology called a TRU, from Kirell Energy Systems, a company based in San Diego, California.

The TRU system is designed to recover low-grade waste heat from industrial processes and convert it into electricity capable of being fed into the Grid. The TRU system is based on Rankine Cycle conventional vapour compression refrigerant technology that is widely accepted throughout the industry, and which uses a modified vapour compression refrigeration cycle that operates in reverse. The TRU system converts waste thermal energy into electrical power using eco-friendly and commercially available refrigerants and is capable of an operating efficiency of up to 16 per cent. based on a waste heat source of circa 240degreesF (115degreesC).

The Directors believe the key strengths of the TRU system are that the technology:

- typically produces power for an all-in cost as low as 2.3 pence per kWh, subject to suitable thermal conditions;
- requires very little maintenance, with no associated fuel costs as the system runs only on waste heat from an existing thermal source;
- measured against useful energy produced, reduces the overall emissions of a power generating plant on a per kWh basis; and
- is a bolt-on unit with a relatively small footprint that is able therefore to be fitted within an existing facility's site boundaries.

The Directors are in negotiation for the installation of a 150 kW pilot TRU system at a site in Spain belonging to one of that country's largest utilities, and negotiations are in progress with other European electricity producers to

install TRU systems in conventional power stations or landfill gas plants. The Directors intend to contract on a long-term BOO basis to provide TRU systems in the range capacity from 150kW to 5MW, targeting landfill gas power generation sites as well as fossil fuel power stations and CHP plants.

2.3 Market overview

2.3.1 Estech Europe

Where appropriate, the Directors intend to market and gain synergies through a combination derived from the availability of the Estech Europe Fibrecycle process, the ITI Energy gasifier technology and the Pirelli Ambiente RDF technology. The Directors consider that these synergies provide commercial advantages to ReEnergy and meet the relevant waste processing and recycling targets set by Local Authorities. The Directors believe that these targets will require Local Authorities to identify and contract reliable and sustainable processes that avoid the need for landfill, a requirement that the Directors believe the Fibrecycle process is well placed to fulfill. The Directors believe that the Fibrecycle1 process, when combined with ITI Energy gasifier technology, will be a particularly efficient solution to Local Authorities as:

- the residues from the processes requiring to be landfilled is typically less than 20 per cent.;
- the combined processes will generate electricity that is able to be fed back into the Grid; and
- the successful combination of these processes removes the need to burn fossil fuel and so reduces CO2 emissions.

The Directors further believe that two primary factors will be key to securing Local Authority contracts: (a) belief in the reliability of the technology and processes; and (b) belief in the ability of key figures within the relevant companies to deliver the required contractual performance. The Directors believe that ReEnergy's senior management has the performance track record and credibility to satisfy the Local Authority requirements and that the Estech Europe and Pirelli Ambiente processes have performance and sustainability characteristics which will also meet Local Authority criteria.

2.3.2 Pirelli Ambiente

The Directors believe the market for high-grade RDF in the UK to be significant, and fuel buyers within the UK's power sector have confirmed to the Directors that a consistent and sustainable supply of high-grade RDF would be welcomed.

Subject to the reclassification of high-grade RDF as a non-waste fuel, or its exemption from the Waste Incineration Directive, the Directors believe that fuel buyers at coal-fired power stations would be interested in high-grade RDF as a supply of fuel for reasons of security of fuel supply, its competitive cost compared with coal and the fact that it produces fewer NOx and SOx emissions. The Directors believe that such a reclassification or exemption is probable in the near to medium term.

2.3.3 TRU

ReEnergy will initially concentrate its efforts in the UK landfill gas generation market and the Spanish and UK electricity generation markets.

The Directors estimate that the UK currently has an installed landfill gas electricity generating capacity of approximately 556MW. This market in landfill gas receives ROCs worth on average £42/MWh produced. ReEnergy is currently moving towards installation of a 150kW TRU system at a co-generation plant in Spain, which is expected to start in the first quarter of 2006 with one of the largest electricity generators in Spain. The Directors are also in discussions with another of Spain's major electricity generators for the establishment of a joint venture company to exploit the TRU technology in Spain. The Spanish sustainable energy and electricity markets are being approached by the members of the Company's advisory board.

The Directors additionally consider smaller power stations and co-generation schemes in the UK and Spain to be potential customers for TRU technology.

3. Water treatment
The Directors have identified that the Oases desalination processes now owned by Oases UK offer an opportunity for the Group to expand its operations into the provision of potable water. Although the Directors expect waste technologies to form the core of ReEnergy's initial commercial focus, the Directors nonetheless believe that the Group's water treatment technologies will enable ReEnergy to take advantage of what they believe to be an opportunity in the seawater desalination sector in parts of the world where a high value is placed on potable water and where no ready infrastructure exists.

Whilst the Oases UK desalination systems are not targeted to compete for major public utility desalination projects, Oases UK has identified a market servicing small independent customers, such as hotels, leisure developments, small residential developments and industrial processes. Oases UK has established regional joint ventures and is bidding and/or developing opportunities in Mexico, California, Peru and Morocco, with other potential projects being identified in other territories.

3.1 Market drivers
Water development underpins food security, people's livelihoods, industrial growth, and environmental sustainability throughout the world. In 1995 the world withdrew 3,906 million cubic kilometers of water for these purposes. By 2025 water withdrawal for most uses (domestic, industrial, and livestock) is projected to increase by at least 50 per cent. This will severely limit irrigation water withdrawal, which will increase by only 4 per cent., constraining food production in turn.

Global desalination capacity will grow from 30.6 million cubic metres per day in 2005 to 61.7 million cubic metres per day in 2015, a 102 per cent. increase.

The Directors believe that the cost of desalination is being driven down by new technological advances so that it is becoming increasingly competitive compared

to other treatment technologies, and that the Oases business therefore represents an opportunity to penetrate a lucrative and expanding market that is compatible with the Company's existing portfolio.

3.2 Water treatment technologies
3.2.1 Oases
Oases' desalination systems are relatively small-scale, modular systems whose technologies broadly include reverse osmosis, acoustic, ultra-violet and ozone processes and vapour compression, together with high efficiency steam injection. Oases BVI and Oases Corp developed a range of alternatives to utilise these desalination systems to exploit the global market potential for desalination, including the establishment of local partnerships or joint ventures to BOO desalination plants on 25-year contracts.

The Directors expect that these BOO vehicles will generate income arising to Oases UK in each phase through the sale of the plant to the joint venture, sales of water on a long term contract and operation and maintenance agreements.

Further, the Directors believe that projects to deploy PowerBuoy in relation to desalination projects will arise in due course.

3.3 Market overview
3.3.1 Oases
The Oases business is focused on the seawater sector of the desalination market, which the Directors believe to be a growing global market. Oases BVI and Oases Corp previously undertook studies into the global desalination markets and, as a result, developed a regional joint venture structure for phased market entry.

The regional joint venture business model is viewed by the Directors as the optimum market entry mechanism for a new potable water production company which is employing modular, high performance systems into the relatively new privatised distributed water segment of seawater desalination. The Directors consider that the business model renders certain regions inaccessible for the foreseeable future, but that the rate of planned market penetration suits the planned capacity development of Oases UK. All of the current regional joint ventures previously entered into by Oases BVI and Oases Corp have agreed the terms of business, including the percentage ownership and the share of revenue from water production. The Directors believe that private BOO contracts are available within the target regions and that the market is seeking a distributed desalination architecture in order to achieve safe, secure and sustainable potable water sources.

3.4 Acquisitions, joint ventures and licence agreements
3.4.1 Oases
ReEnergy has agreed with Oases BVI and Oases Corp the Oases Acquisition, which concerns the transfer of the IPR, joint venture companies and existing contracts of those companies into Oases UK. Oases UK has established a wholly-owned US-registered subsidiary company, Oases Global Systems Inc., into which the Directors expect certain existing employees to be transferred to work towards

acquiring additional contracts for the benefit of Oases.

3.4.2 PowerBuoy
ReEnergy and OPT have entered into an agreement to jointly develop a 20 MW PowerBuoy project in Eureka, California. This project has been officially short listed for final negotiation of a PPA with Pacific Gas & Electric Company in the first quarter of 2006.

5. Directors, senior management, advisory board and employees
Directors
Roger Hewitt, aged 63 (Executive Chairman)
Roger Hewitt has had extensive involvement over many years in all facets of environmental engineering and waste management in both public and private sectors and internationally. He has held senior board level positions in major blue chip quoted companies and was previously Group Chief Executive and Vice Chairman of Shanks & McEwan Group plc, Chairman and CEO of BFI Wastecare and Vice President International Business Development of Browning Ferris Inc. He is currently Chief Executive and major shareholder in Hillbridge Investments Limited, a UK-based company providing hazardous waste treatment and processing solutions. Roger is a Chartered Civil and Mechanical Engineer, Chartered Waste Manager and Chartered Water and Environmental Manager. He is currently a director and treasurer of the Chartered Institution of Waste Management, Chairman of the Waste Industry Training and Advisory Board and Deputy Chairman of the OTI ESAG committee on the export of UK Environmental Technology. He is a past President of the Chartered Institution of Wastes Management (2000/2001) and a past Chairman of the DTI/DEFRA Landfill Tax Working Group, a member of the DEFRA Hazardous Waste Forum, a past member of the DTI- sponsored Innovation & Growth Team initiative, was a past Chairman and Treasurer of the Environmental Services Association, a past Acting-Chief Executive of the Chartered Institution of Wastes Management and a past Member of the DTI/DEFRA Advisory Committee on Business and the Environment (ACBE).

Brian Harcourt, aged 59 (Executive Deputy Chairman)
Brian was a co-founder of Renergy Pacific Corporation in December 2001. He has an extensive background in the formation, development and growth of technology companies and acted as a financial adviser to OPT during the 12-month period leading up to OPT's admission to AIM in October 2003. Brian is Executive Chairman of Boston Equities Corporation, a US investment company providing finance and guidance to start-up and emerging growth companies. Boston Equities is a major shareholder in ReEnergy.

Paul Craven, aged 45 (Chief Operating Officer)
Paul has extensive experience in financial management, in addition to strong commercial and strategic development skills that come from a career in the global power (coal, oil and gas) industry. During his career, much of which has been at Innogy America and National Power, Paul has had P&L responsibility for divisions within blue chip power companies and considerable high level experience in strategic planning, power station asset management and optimisation. Paul has significant experience in acquiring power assets,

including coal mines and coal-cred power stations, and in coal, gas and oil fuel risk assessment and power trading. He has a track record of creative origination and development in mergers and acquisitions activity, in start-up companies and in turn-around situations.

Howard Flight, aged 57 (Senior Independent Non-executive)
Howard has worked in the financial services and banking sectors since 1970, when he started at NMRothschild & Sons as an investment adviser. Having worked at Cayzer Limited and Wardley Limited, in Hong Kong, he later joined Guinness Mahon & Co as an investment director and became joint managing director of newly formed Guinness Flight Global Asset Management in 1987. Since Investec Asset Management's acquisition of Guinness Flight in 1998, Howard has been a director of Investec Asset Management and was joint chairman of Investec Asset Management until 2003. He served as the Member of Parliament for Arundel & South Downs from 1997 to 2005, during which he was both Shadow Chief Secretary to the Treasury from 2001-2004 and Deputy Chairman of the Conservative Party responsible for the City of London.

Steven Jay Mueller, aged 59 (Non-executive Director)
Steven was a co-founder of Renergy Pacific Corporation. He identified and negotiated an exclusive licence for the TRU system from Kirell Energy Systems for the UK, Spain and Poland. Steven remains active in identifying innovative post-proof-of-concept environmental technologies in North America that have the potential to be incorporated into ReEnergy Group in the future. Steven has 28 years of experience in the industrial power and renewable energy sector, with international experience in selling power generation assets.

The Group (excluding Estech Europe) currently employs 30 permanent employees, including the Directors. In addition, the Group also uses the services of a number of consultants. As the business develops, the Directors intend to recruit additional staff with appropriate technical, operational or commercial experience.

6. Details of the Placing, Admission, reasons for Admission, and use of funds
The Company has, conditional on Admission, raised £6.54 million (before expenses) by way of a placing of 8,724,999 new Ordinary Shares at the Placing Price. All of the Placing Shares have been conditionally placed with institutional and other investors. The Placing Shares will rank pari passu with the existing Ordinary Shares including the rights to all dividends and other distributions declared, paid or made after the date of their issue. The Placing has not been underwritten.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to become effective and trading in the Enlarged Share Capital to commence on 30 December 2005.

The Directors believe that Admission will raise the profile of the Group, which is important given the sector in which ReEnergy operates. In addition, the

Directors believe that Admission and the Placing will improve liquidity in the Ordinary Shares, and enable the Group to invest in renewable energy opportunities in the UK and elsewhere.

The net proceeds of the Placing are expected to be £5.8 million , which, together with a £5.0 million convertible working capital facility and irrevocable undertaking to subscribe for 1,666,667 Ordinary Shares at the Placing Price of 75p by Boston Equities, will be used as to £2 million to fulfill the Group's obligations pursuant to the Pirelli Agreements, as to approximately £5.5 million to fulfill the Group's obligations pursuant to the Estech Acquisition, as to approximately £0.75 million to pay the cash costs associated with Admission and the balance to provide working capital for the Group to further its business development activities. It is the Directors' opinion, having made due and careful enquiry, that the working capital available to the Company, taking into account the net proceeds of the Placing receivable by the Company, will be sufficient for its present requirements, that is for at least 12 months from Admission.

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