

20 March 2007

KP Renewables Plc  
("the Company")

Capital Reorganisation, Proposals for Refinancing the Company, Board Changes and  
Intention to Seek Relisting on AIM

The Company is pleased to announce that proposals have been finalised to be put to shareholders which will enable the Company to relist its shares on the AIM Market.

The Company obtained a quotation on AIM on 29 July 2005 with a strategy to establish a leading position in the United Kingdom renewable energy sector by developing, building or acquiring a portfolio of renewable energy projects in conjunction with small to mid-sized renewable energy generators. During the period to May 2006, the Company made good progress in identifying suitable opportunities for development and investment, and entered into a number of significant development agreements. However, since May 2006, the development programme has been restricted as a result of a shortage of funds; this shortage can be attributed indirectly to the illness and subsequent untimely death of the Company's Chief Executive and Founder, Dr James Richard Watkins, who was leading the fund raising efforts.

The Board had been hopeful that it would be able to generate value from its existing portfolio of projects but, in view of the financial position of the Company, there were insufficient resources to devote to these projects to bring them to fruition. Indeed, the financial position of the Company was such that, on 21 September 2006, the Board requested that the Company's Existing Ordinary Shares be suspended from trading on AIM pending a decision on refinancing.

Since the suspension, the Board has continued to seek to realise value for Creditors and Shareholders and has taken forward the proposed sale of small wind farm projects. Negotiations are continuing for their sale; however, there can be no certainty as to the outcome at this stage. They have considered a number of other proposals to refinance the Company in its present form but none have proceeded beyond early stage discussions.

As a consequence, the Board, with the active assistance of its advisers, has conducted a review of all the available options and concluded that the Proposals represent the only route to provide some residual value for Creditors and Shareholders. The Proposals will provide the Company with sufficient new working capital to enable it to announce its Interim Results and to meet its expected future obligations and to review its portfolio of projects and, where possible, resuscitate them. Following approval of the Proposals and the proposed Refinancing, the Directors will be in a position to announce the interim results for the financial period to 30 June 2006 and it is expected that the suspension of the Company's shares from trading on AIM will be lifted.

The Directors believe the Proposals will be a first step towards providing an opportunity to achieve future value for Shareholders. An Extraordinary General Meeting of Shareholders has been called, to be held at 11 am on 10 April 2006, to seek approval, inter alia, for an increase in and reorganisation of the Company's share capital, for the disapplication of statutory pre-emption rights to enable the Proposals to be implemented and for these steps to be approved in order to address the serious loss of capital that the Company has suffered (as described under the heading Serious Loss of Capital, below).

If the Proposals are approved, the Company will continue to operate in the renewable energy sector and the immediate priority of the Board will be to attempt to crystallise value from some of the existing projects in a cost effective manner for the benefit of Creditors and Shareholders. However, the Directors recognise that the business will initially be limited in scale and that it may be in shareholders best interests for consideration to be given either to a significant further fund raising to support investment in a sizable project in the renewable energy field or to the acquisition of another business. In the latter event, this would almost certainly be considered to be a reverse takeover under the AIM Rules and would be subject to further approval by shareholders.

#### Board Changes

In preparation for the Proposals and the EGM, David Lloyd-Jacob, Stephen Drummond and Paul Goodrow have resigned as directors of the Company, while David Lindley and John Bryant will remain as directors. Peter Redmond and Richard Armstrong have agreed to join the Board, subject to the approval and implementation of the Proposals.

Peter Redmond (aged 60) has over 20 years' experience in corporate finance and small cap fundraising and is a particular specialist in the reconstruction and recapitalisation of microcap companies, including Bizzbuild plc (now Optimisa plc), Weatherly International plc and Future Internet Technologies plc and assisting them to acquire new businesses. He is the CEO of the corporate finance house, Merchant House Group Plc, and is a director of AIM-quoted Weatherly International plc, Bella Media plc and Fortfield Investments plc.

Richard Armstrong (aged 59) is an associate with Fiske plc, the AIM quoted stockbrokers. He is a former equity analyst with extensive experience in reconstructing and raising capital for turnaround situations especially in the quoted microcap sector, including Bizzbuild plc (now Optimisa plc), Weatherly International plc and Future Internet Technologies plc. He is a director of AIM quoted Fortfield Investments plc.

#### Serious Loss of Capital

As a consequence of the financial position of the Company its net assets are less than half the amount of its called up share capital. As a result, under s142 of the Act, the Company is required to convene an EGM in order to discuss the Company's financial position. The Directors consider that the Proposals address this issue.

#### The Proposals

##### The Placing

The Company has raised at least #150,000 which provides sufficient funds to address its immediate priorities and responsibilities to the Creditors through a conditional placing of New Consolidated Ordinary Shares at the Placing Price. The Directors anticipate receiving additional commitments to provide funds for development prior to the EGM to be held on 10 April 2007 and Shareholders will be informed of the final amount of the Placing in due course.

Immediately upon the passing of the Resolutions at the EGM the Directors intend to exercise their authority to allot the necessary number of New Consolidated Ordinary Shares for the purposes of the CVA and the Placing. The Placing is conditional upon the lifting of the suspension of the trading on AIM of the Company's Existing Ordinary Shares and admission of the New Consolidated Ordinary Shares to trading to AIM.

##### Company Voluntary Arrangement (CVA)

Unsecured creditors are to be offered either a payment of 4p in the # to be paid in cash or, at the option of individual creditors, a cash payment of 2p in the # plus an allotment of new ordinary shares to the equivalent value of 2p in the # at the issue price. Those creditors who choose the cash and share option will be entitled to annual dividends to be paid by the Supervisor of the CVA which will represent 60 per cent of the net proceeds generated from existing projects over the first three years following the commencement of the CVA.

Meetings of Creditors and Shareholders have been convened under the provisions of the Insolvency Act 1986 for 10 am and 10.15 am, respectively, on 10 April 2007, immediately prior to the EGM. The Proposals, and hence the Resolutions to be proposed at the EGM, are dependent upon the resolutions proposed at the Creditors' and Shareholders' meetings in relation to the CVA being passed. In the event that such resolutions are not passed the Chairman will open, but then adjourn the EGM and take the necessary steps which will lead to the appointment of a liquidator.

##### Capital Reorganisation

The price at which the Company is able to raise additional capital is less than the current nominal value of its Existing Ordinary Shares. However, the Act prevents a company from issuing shares at a discount to the nominal value. Accordingly, it will be necessary to reorganise the share capital of the Company to allow the Placing to take place at the proposed Placing Price.

Resolutions will be proposed at the EGM to inter alia:

(a) sub-divide each of the issued Existing Ordinary Shares into one New Sub-divided Ordinary Share of 0.05p and one Deferred Share of 0.95p. The New Sub-divided Ordinary Shares created will have all the rights of the Existing Ordinary Shares. The Deferred Shares will have very limited rights which effectively render them economically valueless with no voting rights, although they continue to represent a proportion of the Company's permanent capital until such time as they are cancelled by a subsequent resolution of the holders of the Company's ordinary shares;

(b) the New Sub-divided Ordinary Shares of 0.05p each will be consolidated into New Consolidated Ordinary Shares of 1p each on the basis that every 20 New Ordinary Shares will be consolidated into one New Consolidated

Ordinary Share. This will have no significant effect on Shareholders but will reduce the large number of New Consolidated Ordinary Shares that would otherwise be in issue; and

(c) subject to the resolutions concerning the Sub-division and Consolidation being passed, adopt new articles of association of the Company which will contain, inter alia, the rights and restrictions attaching to the Deferred Shares.

Increase in share capital, authority to allot and disapplication of pre-emption rights

In addition to those resolutions described above, the following resolutions will be put to Shareholders at the EGM:

- (a) that the authorised share capital of the Company be increased from the existing #1,000,000 to #6,000,000;
- (b) that the Directors be granted authority to issue and allot a maximum of 553,410,338 New Consolidated Ordinary Shares under section 80 of the Act;
- (c) that the Directors be granted authority to allot a maximum of 553,410,338 New Consolidated Ordinary Shares without the application of section 89 of the Companies Act 1985 which represents approximately 92 per cent of the total increased issued and unissued ordinary share capital of the Company assuming the Proposals are implemented; and
- (d) the Directors seek the Shareholders' approval of their course of action to address the serious loss of capital in the Company by the recapitalisation of the Company under the Proposals.

The Shareholders should note that the Directors are asking for the authority to issue a substantial number of shares on a non pre-emptive basis. The Board has considered the Company's position carefully and after consultation with the proposed new directors it is considered appropriate that such authority should be sought now in order that the Company is able to raise additional capital without the need to incur the expense and delay of seeking further shareholder approval. However, in the event of a reverse takeover, shareholder approval would be required.

#### Conditions of the Proposals

The Company has already received commitments from Shareholders to vote in favour of the Resolutions amounting to 76.75 per cent of the Existing Ordinary Shares. The Proposals, including the Placing, are conditional only upon the Creditors and Shareholders approving the CVA, the lifting of the suspension of the trading of the Company's Existing Ordinary Shares on AIM and admission of the New Consolidated Ordinary Shares to trading to AIM.

#### Change of Adviser

Libertas Capital Corporate Finance has been appointed the Company's Nominated Adviser, in addition to its existing role as broker, with immediate effect.

For further information contact

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