

NEWSLETTER



EDITO

Dear Shareholders,

We are pleased to announce that we are now resuming our usual practice, discontinued in 2004/2005 due to a manpower shortage, of keeping in touch with you via electronic newsletter. This e-communication is obviously not intended as a substitute for financial reporting, but to keep you abreast of the latest developments at Europlasma.

Our company underwent a number of changes in 2005, two of which were of major consequence: the official commissioning of Inertam Line 3, which is now operating to industrial standards on a consistent and reliable basis, coupled with an injection of nearly €26 million in capital by our biggest European investors. These funds will enable Europlasma to achieve its ambitious goals.

Specifically, we are planning to put up three new plants in Europe by the year 2010, which we will own and operate on the same principle as Inertam. In parallel, thanks to technological advances – made in concert with the French Atomic Energy Commission – in the gasification of waste material and biomass, we intend to make the most of rapid growth prospects in the field of “carbon-free green energy”. Our goal is to produce new fuels directly from these raw materials.

We remain very active in Asia (Japan, China, Malaysia), where we anticipate a resurgence of these highly promising markets.

The group results, in line with our previous forecasts, will be reported to you in the third week of April.

We look forward to seeing you at our General Meeting at midyear 2006: the exact date will be fixed at our next Supervisory Board meeting.

We'd like to take this opportunity to thank you for your ongoing support.

Yours truly,
Didier PINEAU
CEO



ULCOS – Phase 1

We passed the first phase of the European ULCOS (Ultra-Low CO₂ Steelmaking) programme with flying colours on 28 February 2006. The EUROPLASMA teams demonstrated the smooth running of a plasma torch prototype that was specially designed for the occasion. 1.7 MW was attained by injecting simulated top gas from a blast furnace into the torch..



Experimental set-up (torch-shooting chamber)



Experimental set-up gas skid

The final report will be presented to ARCELOR in early April 2006. Among other things, it will outline the research and development costs of a 15 MW torch to be tested under real conditions on a blast furnace in ULCOS Phase 2. The steelmakers consortium will then decide whether to test EUROPLASMA technology, one of 21 processes under study, in ULCOS Phase 2. If it gives the go-ahead, testing should begin in September 2006 for a duration of 30 months.

Plasma Gasification of Biomass

The first torch prototype tests have been conducted at up to 900 kW, simulating two syngas recycling configurations in a plasma torch. Based on these conclusive test results, a 300 kW gasification torch is now under development for integration into a future pilot demonstration.

Furthermore, GALACSY (Allothermic Gasification of Lignocellulose for Synfuel Production), a joint CEA (French Atomic Energy Commission) and EUROPLASMA project, has been officially approved by the national Capenergies research and development programme on "non-greenhouse-gas-emitting energy sources".

In addition, EUROPLASMA has applied with the CEA for funding from the French National Research Agency: the object is to commence simulation studies in order to define sizing formulae for plasma gasification reactors on different scales.

Line 3

The new Inertam Line 3 was designed in 2001 with the following specifications:

- 25 tonnes per day, nominally – i.e. taking all unknown factors into account.
- Furnace with a useful life of 6 months.
- Energy consumption of €100 per tonne of asbestos processed.

After its construction, fine adjustments to the line began in 2003. It took two years to fine-tune the system, chiefly owing to the insufficient durability of the refractory materials and recurring jams on the loading line.

Our furnace life target was achieved in the second half of 2005 by controlling the quantities of the various asbestos-containing materials fed into the furnace, which had previously been producing violent chemical reactions at the moment of fusion, and by perfecting specific refractory materials.

The pile-ups on the loading line were completely eradicated by adapting the conveyor-belt system to the different types of asbestos-containing materials (powders, sludge, bricks, plastics etc.).

The documented present-day results are as follows:

- 25 tonnes on average, with peaks of 48 tonnes.
- Useful life of over six months.
- Energy consumption of €30 per tonne of asbestos processed.

In other words, current performance outdoes the specifications, and for the first time in its history Inertam is reporting a profit, though Line 3 has only been operating for six months of the year.



Tanguy de Lamotte

INERTAM has decided to support the Mécénat Chirurgie Cardiaque, an organization helping underprivileged children to undergo live-saving heart surgery, by sponsoring Tanguy de Lamotte in the Mini-transat 2005 transatlantic sailing race. On top of the synergistic effects of joining the other sponsors of the event, all of whom are involved in cleaning up asbestos contamination, INERTAM was drawn to Tanguy de Lamotte's very special profile: he's the designer, builder and skipper of his own boat. INERTAM would like to take this opportunity to congratulate him on finishing 7th at Salvador de Bahia, Brazil.



China

EUROPLASMA displayed its know-how in Shanghai at the POLLUTEC environmental protection industry show in March. Exhibiting at the French pavilion in partnership with UBIFRANCE, EUROPLASMA made its first acquaintance with the Chinese sustainable development market: we identified the leading industrial players in the sector and pinpointed prospective projects and partners.

Twinning between Bordeaux and Wuhan

With the backing of the City of Bordeaux, which was instrumental in the development of the plasma torch, EUROPLASMA is exporting its technology to China. We have now paid a second visit to Wuhan, Bordeaux' sister city, where we met once again with the deputy mayor and the heads of the environmental protection and urban development offices.

Mr MIAO Wei, secretary-general of Wuhan's Communist party, is going to follow up these meetings with a visit to EUROPLASMA in the near future.

Malaysia

The Malaysian Institute for Nuclear Technology Research (MINT) has singled out EUROPLASMA from among the world's plasma specialists to collaborate on plasma projects in Malaysia. We have already signed an agreement to this effect with MINT.

Dr DAUD, MINT's director general, is a world-renowned expert in nuclear energy and a leading innovator in the field of waste treatment in Malaysia. During the course of our last visit to Kuala Lumpur, Dr DAUD decided to pay us a visit in Bordeaux in April to discuss future collaboration with the management of EUROPLASMA.

AGENDA

Results 2005 3rd week of April
Shareholders General Meeting June 2006

EUROPLASMA will be exhibiting at the POLLUTEC environmental protection industry show in Lyon from 28 November to 1 December 2006.



Contact: Didier PINEAU – Tel. +33 (0)5 56 49 70 00
e-mail: dpineau@europlasma.fr

EUROPLASMA

471 Route de Cantegrit Est –BP 23 - 40110 MORCENX-FRANCE

www.europlasma.com

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