

13 September 2017

Papillon Holdings Plc ('Papillon' or 'the Company')

Heads of Terms

Papillon Holdings plc, the London listed investment company, is pleased to announce that it has signed a non-binding Heads of Terms to acquire the entire issued share capital of two companies in a cash and shares deal ('the Acquisition'): Phestor Limited ('Phestor'), and Greenway Activated Carbon Limited ('Greenway'). These companies are focused on ultra-supercapacitor development for energy storage and the development and sale of high quality active carbon production from biomass. The Acquisition, if completed, would result in Papillon shareholders having a 50% interest in the enlarged group (the 'Group').

Phestor is developing a new breed of large-scale, energy storage and delivery systems. Its ultra-supercapacitors, with a capacitance of over 100,000 Farad in a single unit, are targeted to be far larger in size and far superior in performance to any other supercapacitors on the market today. Physical energy storage is the electrostatic storage of direct electrical energy and is made possible without the need for a chemical reaction or mechanical action and are capable of 1,000,000s of charge and discharge cycles

Phestor plans to focus on markets such as back up to the National Grid in the UK and other electricity supply networks worldwide together with target markets such as manufacturing, military, aerospace, science, power-tool and elevator industries, which require large scale ultra-high-power solutions. These are potentially extremely lucrative markets, with vast growth potential.

Greenway plans to build and operate bio-refineries to extract Hemicellulose, Cellulose, Proteins, Pectin, Lignin, Lipids, Silica and Ash from sugar beet pulp, straw and brewery "Mask" biomass. It has already identified large volumes of these low-cost precursor feedstocks. High grade active carbon is extracted from this process, along with other saleable by-products, which is patented and for which the company has secured an exclusive European licence, while the high-grade carbon produced will be sold to third parties, the active carbon is a principal component of Phestor's ultra-supercapacitors. The market dynamic for Greenway's product is extremely positive due to the current and forecasted increased requirement for high grade active carbon

Both companies have highly experienced management teams with the ability to deliver on their strategy.

Papillon CEO Charles Tatnall said, "These companies fit with our investment criteria of being exceptional, highly scalable, cutting-edge companies operating in rapidly growing markets. Given their green credentials, disruptive characteristics and clear growth visions, the two businesses complement each other and will, we believe, benefit from a London listing. We are now conducting extensive due diligence, which we hope will lead to a fast and seamless acquisition that would be mutually beneficial for all parties."

The Acquisitions are subject, inter alia, to the completion of due diligence, documentation and compliance with all regulatory requirements, including the Listing and Prospectus Rules and, as required, the Takeover Code.

The Acquisitions, if they proceed, will constitute a Reverse Takeover under the Listing Rules since, inter alia, in substance it will result in a fundamental change in the business of the issuer. As the Acquisitions will constitute a Reverse Takeover under the Listing Rules, the listing in the Company's ordinary shares have been suspended at the request of the Company pending the publication of a prospectus and the application for the enlarged Company to have its Ordinary Shares admitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange.

