

7 April 2016

Proton Power Systems plc

(“Proton” or the “Company”)

Loan agreement

Proton Power Systems plc (AIM: PPS), the designer, developer and producer of fuel cells and fuel cell electric hybrid systems, announces that it has agreed the terms of a €20 million loan (the “Loan”) with Mr Falih Nahab. The Loan can be drawn down until 31 December 2018 and is repayable in April 2019, it pays an interest of 10 per cent. per annum and the interest, but not the principal, on the loan is payable in new Proton Power ordinary shares at 2p per share at the option of the lender. The existing loan of €10.0 million with this lender which was entered into in 2014 has been refinanced and replaced by this new facility. The balance of €10.24 million will be used to finance the Company's working capital.

Related Party Transaction

Mr Falih Nahab is indirectly, via Roundstone Properties Limited, a substantial shareholder (as defined in the AIM Rules) of the Company. The entering into the loan agreement with Mr Falih Nahab is therefore classified as a transaction with a related party for the purposes of the AIM Rules. In accordance, therefore, with the AIM Rules, the directors of the Company, having consulted with the Company's nominated adviser, Stockdale Securities Limited, consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

– Ends –

For further information:

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About Proton Motor Fuel Cell GmbH

Proton Motor is an expert in industrial fuel cells, fuel cell and hybrid systems with more than 17 years of experience in this sector. Based in Puchheim near Munich, Proton Motor offers complete fuel cell and hybrid systems from a single source – from the development and production through the implementation of customized solutions. The focus of Proton Motor is on back-to-base, for example, for mobile, marine and stationary solutions applications. The product portfolio consists of base-fuel cell systems, standard complete systems, as well as customized systems.

Proton Motor acquired SPower GmbH in 2013. Established in 2007, SPower serves IT, Telecoms, public infrastructure and healthcare customers in Germany, Europe and Middle East with power supply solutions for DC and AC power demand. In addition to power supply, SPower also offers solutions for Solar Systems as well as a new product line for Solar Energy Storage.

Proton Motor Fuel Cells GmbH is wholly owned subsidiary of Proton Power Systems plc. The Company has been listed on the London Stock Exchange since October 2006 (code: PPS).