

PLASMA ENVIRONMENTAL TECHNOLOGIES INC.

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PRESS RELEASE

FOR IMMEDIATE RELEASE
December 27, 2006
Toronto, Ontario

TSX Venture Exchange
Symbol: PE
Shares Outstanding: 36,270,014

Further to the merger transaction between Plasma Environmental Technologies (the "Company") (TSX Venture-PE) and Zero Waste Energy Systems (ZWES) detailed in the press release of August 24, 2006, ZWES has been unable to meet the funding requirements upon which the transaction was conditional by the deadline set out in the agreement. As a result the Company and ZWES have mutually agreed to terminate the transaction. ZWES has agreed to pay all of the Company's out of pocket costs which have been incurred during the transaction process.

The Company and ZWES have agreed to continue to work together to find appropriate waste to energy opportunities upon which they can cooperate to the benefit of both companies.

Wayne Maddever Ph.D., P.Eng., CEO of the Company said, "While we are obviously disappointed that the envisioned transaction could not be completed, the Company is committed to continue expanding its technologies in the waste to energy field for the benefit of its shareholders"

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