

**PLASMA ENVIRONMENTAL TECHNOLOGIES INC.**

1100 Burloak Drive, Suite 300  
Burlington, Ontario L7L 6B2

NEWS RELEASE

FOR IMMEDIATE RELEASE  
August 24, 2006  
Toronto, Ontario

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

**PLASMA TO ACQUIRE ZERO WASTE ENERGY SYSTEMS**

**TORONTO, Canada** – Plasma Environmental Technologies Inc. (PE:TSXV) announces that it has entered into an arm's length business combination agreement dated August 16, 2006, to acquire all the issued and outstanding shares of Zero Waste Energy Systems Inc. ("ZWES") in exchange for the issuance of 40,000,000 common shares of Plasma (on a post consolidation basis), subject to regulatory and shareholder approval. The major shareholder of ZWES is Bruce Coxhead, President of ZWES who holds 8,000,000 common shares of ZWES, representing 20% of the issued and outstanding shares of ZWES.

ZWES was formed on February 15th, 2006, and is a GTA-based renewable energy company focused on the manufacture of both standardized engineered fuels from biomass waste and the equipment required to convert those fuels into electrical and thermal energy. Among ZWES's current projects is the conversion of mixed organic industrial waste to thermal energy for the greenhouse industry using proven gasification technology; and the conversion of food and beverage waste to biogas and electricity using the anaerobic digestion technology developed by EEC Energy Limited of Thunder Bay.

Plasma markets and develops plasma-based systems for the safe and cost-effective destruction of hazardous and non-hazardous wastes. Plasma technology is a thermal, non-incineration process that converts targeted solid wastes into energy (hydrogen and electricity). The purpose of the acquisition is to combine Plasma's technology in the ZWES manufacturing line, enabling ZWES to add plasma gasification of waste to energy and plasma destruction of hazardous materials to its extensive range of negative cost energy producing feedstocks. The completion of the transaction will not result in a change of business for Plasma.

**ZWES Assets**

ZWES is a biomass energy technology consolidator. In addition to its current working capital, its assets comprise of a strategic relationship with a manufacturing organization as well as two recently-formed strategic partnerships; the first with an industrial technology firm, and the second with brownfield development company. Management believes that these partnerships will create renewable energy facilities that will provide power to the Ontario grid under the recently announced Standing Offer, and thermal

energy on a cogeneration basis to the greenhouse industry. The Standing Offer provides manufacturers of energy from various renewable resources to obtain higher than market rates for electricity in Ontario for a guaranteed period of 20 years, providing a viable commercial basis for the development of green energy. The rate for electricity produced from biomass has been set at 11 cents per kilowatt hour (kwh), and the maximum output of an individual facility is 10 megawatts.

### **Terms of the Proposed Transaction**

Terms of the transaction call for Plasma to acquire all the outstanding shares of ZWES by issuing common shares of Plasma to the ZWES shareholders. Each issued and outstanding common share of ZWES will be exchanged for one common share of Plasma. Plasma has agreed, subject to shareholder approval, to consolidate its common shares on a five for one basis, resulting in the common shares issued to ZWES shareholders having a deemed consideration of \$0.40 for total consideration of \$16,000,000. Plasma has incorporated a wholly owned subsidiary to amalgamate with ZWES to complete the transaction by way of a three cornered amalgamation.

The completion of the transaction is subject to standard conditions, including: satisfactory completion of due diligence, approval of the transaction by the directors and shareholders of ZWES and Plasma; and the approval of the TSXV. The agreement provides also that ZWES shall have entered into a specific partnership agreement with Ideal Environmental; and Plasma shall have concluded a private placement of \$800,000 prior to completion of the transaction.

In addition to the consolidation of the common shares, shareholders of Plasma will be asked to approve the change of name of the company to “Zero Waste Energy Systems Inc.”.

### **Private Placement**

A condition of the transaction is the completion by Plasma of a private placement for gross proceeds of \$800,000 through the issuance of up to 10,000,000 units or flow through shares of Plasma (2,000,000 units post-consolidation). Each unit is to be comprised of one common share of Plasma at a price of \$0.08 (\$0.40 post consolidation) and one common share purchase warrant. Each warrant shall entitle the holder to acquire an additional common share of Plasma at a price of \$0.16 (\$0.80 post consolidation) for a period of two years from closing, provided that, if at any time after the closing the shares trade at a price of \$0.40 (\$2.00 post consolidation) or greater for a period of twenty consecutive trading days Plasma may accelerate the expiry date of the warrants by giving notice to the holders that the warrants will expire in thirty days. Plasma has agreed to enter into a loan agreement providing for the advance of these funds to ZWES pending closing of the transaction. ZWES intends to use the funds advanced for the purpose of further development of a commercial pilot of engineered fuels for thermal energy at a multi-acre greenhouse in Leamington, Ontario; and completion of definitive tests of the

EEC anaerobic digester on distiller's grain. This will augment successful tests already achieved with barley malt waste.

### **Directors and Officers**

Following completion of the transaction the board of directors of Plasma will be increased to six, with Alex Falconer and Dr. Wayne Maddever continuing to serve as directors of Plasma and Bruce Coxhead and Peter Newell being appointed as new directors. The remaining directors will be nominees of ZWES.

Bruce Coxhead, is the President and Chief Operating Officer of ZWES. He is a professional engineer and senior manufacturing executive with over 24 years of industry experience. In his past, he developed and brought to market many product lines globally for Husky Injection Moulding Systems Ltd. with complete P&L responsibility. He graduated from the University of Waterloo in 1982 with BaSc and MaSc degrees in Engineering.

Peter Newell was called to the Ontario Bar in 1983 and is a partner at the law firm of Ogilvy Renault LLP. Mr. Newell's business law practice focuses on general commercial law, including business acquisitions and dispositions. He has advised clients in most industrial sectors with an emphasis on information technology, including procurement and supply of computer systems and services, outsourcing, strategic alliances and technology transfers. Mr. Newell also has expertise in construction law and has provided advice on many large projects, including infrastructure, manufacturing and retail. Mr. Newell is a member of the Law Society of Upper Canada and the Ontario Bar Association.

### **Financial Information**

The following table presents a summary of the unaudited historical and operating data of ZWES for the period from incorporation until August 15, 2006.

**Zero Waste Energy Systems Inc.  
Balance Sheet as at August 15th, 2006  
(unaudited)**

#### **Assets**

Cash	\$126,121.00
Notes Receivable	\$49,300.00
Incorporation:	686.95
Total Assets	\$176,107.95

#### **Liabilities and Equity**

##### Liabilities:

Shareholder Loan	\$75,000
Accrued Expenses (estimate)	\$3,000

Total Liabilities.	\$78,000
Equity	
Capital Stock	\$121,896.00
Retained Earnings	(\$23,788.05)
Total Equity	\$98,107.95
Total Liabilities and Equity	\$176,107.95

### Profit and Loss

For the period Feb 16-Aug 15th, 2006

<b>Revenues:</b>	\$0.00
<b>Expenses:</b>	
Travel and Accommodation	\$3,735.91
Conferences	\$1,299.26
Meals and Entertainment.	\$1,146.50
Automotive (incl. mileage accrual)	\$3,328.84
Office and Administrative	\$3,423.35
Legal	\$1,860.00
Telephone	\$744.19
Computer & Web	\$1,250.00
Accounting and Financial	\$1,000.00
Municipal Consulting	\$6,000.00
Total Expenses	\$23,788.05
<b>Net Loss for the period</b>	<b>(\$23,788.05)</b>

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For more information, please refer to Plasma's website, [www.plasmaenvironmental.com](http://www.plasmaenvironmental.com)

Or contact Alex Falconer,

Phone: (905) 332-9693 Fax: (905) 332-9792 e-mail: [falconer@plasmaenvironmental.com](mailto:falconer@plasmaenvironmental.com)

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*Completion of the transaction is subject to a number of conditions, including Exchange acceptance and Shareholder approval. The transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to this transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Plasma should be considered highly speculative.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

*All information in this press release relating to ZWES was furnished by ZWES. Plasma is not responsible for the accuracy or completeness of any such information.*

*Any statements in this release that are not statements of fact may be considered “forward looking statements” as that term is defined under securities laws in the United States and Canada. Forward-looking statements are only predictions and may differ materially from actual events or results.*