

**Inspirit Energy Holdings plc
("Inspirit" or the "Company")**

EIS and VCT approval

Further to the market announcement on 18 September 2013, Inspirit Energy Holdings plc (AIM: INSP) announces that HM Revenue & Customs has accepted the Company's application to join both the Enterprise Investment Scheme ("EIS") and the Venture Capital Trust ("VCT") Scheme, which are designed to offer a range of tax reliefs for investors.

HMRC have given pre-assurance that a further issue of new shares would most likely qualify for the reliefs if the underlying conditions are the same at that point in time.

John Gunn, the Company's Chief Executive, commented:

"This is good news for the company and its shareholders as this provides access to further investment to commercialise and market our unique mCHP technology and it also provides investors with added incentive for their investment".

About the Enterprise Investment Scheme ("EIS")

The Enterprise Investment Scheme was designed by the Government to provide investors with an incentive to invest in smaller unquoted companies. Unquoted in tax terms covers most AIM quoted shares, including Inspirit.

The tax benefits of EIS are only available when new shares are bought. If the existing shares of an EIS-eligible company are bought on the secondary market then none of the tax breaks are available via EIS.

There are five current EIS tax reliefs:

- **Income Tax Relief** – Provided an EIS qualifying investment is held for no less than three years an individual can reduce their income tax liability by an amount equal to 30% of the amount invested. The minimum subscription is £500 per company and the maximum per investor is £500,000 per annum. Any individuals who have not used their EIS entitlement in the previous tax year can subscribe for up to £1,000,000 of EIS qualifying shares in the current tax year and treat £500,000 as subscribed in the previous year.
- **Capital Gains Tax Deferral Relief** – Tax on gains realised on a different asset can be deferred indefinitely, where disposal of that asset was less than 36 months before the EIS investment is made or less than 12 months after it. Deferral relief is unlimited, in other words, this relief is not limited to investments of £500,000 per annum.
- **Capital Gains Tax Freedom** – No Capital Gains Tax payable on disposal of shares after three years provided the EIS initial income tax relief was given and not withdrawn on those shares.
- **Loss Relief** – If EIS shares are disposed of at any time at a loss (after taking into account income tax relief), such loss can be offset against the investor's capital gains or income in the year of disposal or the previous year. For gains offset against income tax, the net effect is to limit the investment exposure to 35p in the £1 for a 50% taxpayer if the investor realises a total loss. Alternatively, the losses can be offset against Capital Gains Tax at the prevailing rate of 28%.
- **Inheritance Tax Exemption** – EIS Investments are generally exempt from Inheritance Tax after two years of holding the investment.

About the Venture Capital Trust Scheme

Tax reliefs are different for investors in new shares issued by VCTs and investors who purchase second-hand shares of VCTs, for example on the stock market.

For second-hand shares of VCTs, the reliefs are:

- exemption from income tax on dividends on ordinary shares in VCTs; and
- exemption from capital gains tax on disposal of shares in VCTs.

For new shares issued by VCTs, the same reliefs are available, and in addition:

- income tax relief at the rate of 30% on the amount subscribed for the VCT shares (on or after 6 April 2006). This relief is available on investments up to £200,000 in a tax year (£100,000 before 6 April 2006), if they are held for at least 5 years (3 years for shares issued before 6 April 2006); and
- for shares issued before 6 April 2004, capital gains tax deferral (that is, tax on the gains on the disposal of other assets within 12 months before or after the investment could be postponed until the VCT shares were disposed of).

As a result of the VCT approval referred to above, VCTs are allowed to invest in the Company's shares.

Further details of the tax reliefs available to investors through EIS and VCT schemes are available from the HMRC website at www.hmrc.gov.uk.

Investors should consult and obtain advice from their stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities before taking any such action. If such advice is being obtained in the United Kingdom, such adviser should be authorised or exempted under the Financial Services and Markets Act 2000 (as amended) ("FSMA").

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Notes to the Editors:

Inspirit Energy, is a company based in Sheffield and is currently developing a micro combined heat and power (mCHP) boiler for the commercial and residential markets. The boiler is specifically designed to meet the challenge of reduced carbon energy supply and is capable of running on natural gas, LPG and Bio Fuels. The appliance produces hot water (for tap water or central heating) and electrical output simultaneously. The installation can be of single or multiple configuration and its high operating efficiency together with the off-set of electricity costs provides a very attractive investment payback proposition.

Inspirit intends to explore opportunities to licence out the underlying technology and the Directors believe that in some instances, the patents owned by Inspirit may be also used in the development of products other than a mCHP appliance. A prototype of the appliance has been independently tested and shown to be capable of simultaneous generation of up to 15kW thermal and up to 3kW electrical output. Once development of the appliance has been completed and commercialised, the Directors expect that the appliance will initially be marketed in the UK and Europe and eventually worldwide. Additional revenue streams may be possible through product licensing, sales of warranties and further development of the product.