20 November 2007

FREEPLAY ENERGY PLC
(“Freeplay” or “the Group”)

PLACING AND SUBSCRIPTION

The Board of Freeplay Energy plc, the original and leading global brand of clean, dependable energy products, is pleased to announce that, subject inter alia to shareholders’ approval, the Group proposes to raise approximately £1.47 million (before expenses) by way of a Placing and Subscription of 34,709,751 new ordinary shares at a price of 5 pence per ordinary share (“New Ordinary Shares”).

Background and reasons for the Placing and Subscription

On 2 August 2007, Freeplay announced a restructuring programme to improve the performance of the Group and better position it for 2008 and beyond. The restructuring programme is focusing on maximising the benefits of the acquisition of Dixie Sales and exploiting the synergies between the two operating divisions of Freeplay to reduce costs throughout the business. The restructuring programme will also see the Group exit certain non-core areas and consolidate sales operations where appropriate.

The planned changes will have no negative effect on the future growth of the business, with manufacturing, product development and sales functions remaining unchanged.

In the announcement on 2 August, the Group indicated that good progress had been made in the following areas:

- Approximately US $1.5 million of cost-savings had been achieved to date, with the total reduction in Group overhead expected to be up to US $4 million annually;

- Dixie Sales discontinued its motorcycle business unit, the distribution of Husaberg and Gas Gas products, with effect from 1 September 2007; and

- Dixie Sales had consolidated its warehousing locations in the US from three to two with no impact on customer service levels.

As part of the restructuring programme, the Board has refined its approach to its two divisions, Freeplay Energy and Dixie Sales. Based on the complexities of the different business models, the key focus is to increase revenue in the Freeplay Energy division and improve profitability and margin on existing sales in Dixie Sales.

Since August 2007, Freeplay Energy has made further progress in securing contracts and listings in major retailers. Freeplay Energy continues to trade in line with management’s expectations and had achieved revenue of approximately US $5.7 million in the ten months to 31 October 2007, as extracted from management accounts, which represents a 16 per cent. increase over the same prior year period.

The division has orders of approximately US $1.3 million, which are expected to be delivered in the current year and includes orders for 10,000 Lifeline radios for National Initiative for Civic Education, 5,000 Lifeline radios for Unicef and a US $800,000 order for multiple products for Dixons. Freeplay Energy has also secured a further order with the Freeplay Foundation, for 119,000 Scout radios and 2,000 Lifeline radios to the National Democratic Institute for International Affairs, which are expected to be delivered by May 2008.

As announced in September 2007, Dixie Sales revenues were slightly behind the prior year as a result of the severe drought conditions in the southeastern United States negatively impacting its core Outdoor Power Equipment parts business and a general economic downturn effecting Dixie's planned expansion of the Power Sports category. However, new business activity continues at a good pace and Dixie Sales has been successful in attracting a number of new clients, including Bye Bye Standby Plc, ATK Industries and American Lawn Mower Products. The Directors estimate that the annual revenue from recent new business wins is estimated at US $3 million.

Dixie Sales implemented a significant cost reduction program in the latter part of the second quarter in response to declining business activity outlined above and current monthly operating expenses have been reduced by approximately 20 per cent. compared to the first half of the current financial year.

In order that the Group can take advantage of certain new opportunities to support the development of the Group, and in particular to fund the short-term inventory and operating costs associated with the contracts outlined above, Freeplay has an immediate funding requirement of approximately US $3 million. The Directors estimate that a total of US $6 million will be required to fund all the working capital requirements of the Group for the next twelve months and that funding of approximately US $3 million will be sufficient to finance the Company until April 2008. Therefore in addition to the Placing and Subscription the Board is exploring alternative funding requirements in the short-term to provide the further US $3 million funding requirement, which they anticipate may include one or more of the following alternatives:

- Conversion of the existing Freeplay Energy bank overdraft to a term loan;
- Disposal of certain assets that may include the divestment of non strategic components of the Group's business; and
- A further placing of new Ordinary Shares.

Shareholders should be aware that if the Resolutions are not passed at the General Meeting, the Board will be forced to consider urgently the options available to it in order to obtain alternative sources of working capital. Shareholders should note that there can be no guarantee that the Board will secure the additional US $3 million funding requirement as a result of the implementation of alternative funding options outlined above.

Details of the Placing and Subscription

The Board is pleased to announce that 34,709,751 New Ordinary Shares have been placed with/subscribed for by certain institutional and other investors, including Directors at 5 pence per ordinary share, conditional, inter alia, on the passing of the Resolutions. The Placing and Subscription will raise approximately £1.47 million before expenses.

The New Ordinary Shares will represent 41.0 per cent. of the entire issued share capital of the Company immediately following Admission. The Placing and Subscription is conditional on the passing of the related Resolutions set out in the Notice of General Meeting. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. The New Ordinary Shares will, when issued, rank equally in all respects with the Existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid following Admission. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 14 December 2007.

Certain Directors and shareholders have made loans to the Company by way of promissory notes and secured by a charge over the Company's and its UK subsidiaries assets as follows:

Director/shareholder	Amount of loan
Flambard Holdings Limited*	£300,000.00
Thomas Gordon Roddick	£300,000.00
Andy Polansky	£24,390.20
Vincent Mai	£146,341.45
John Garcia	£97,560.95
Barrett Marketing Group Limited	£268,292.65

*Flambard Holdings Limited is a company in which Mr. R.M. Stear is interested.

Except for Flambard Holdings Limited and the promissory note due to Barrett Marketing Group, each of the loans outlined above have been made by way of non-interest bearing promissory notes. Flambard Holdings Limited has agreed to loan a total of £132,924.05 to Freeplay in respect of consultancy fees in respect of Mr. R.M. Stear's services provided to the Company and, pursuant to a loan agreement with Freeplay, has provided the balance of £167,075.95 in cash. In connection with the acquisition of Dixie Sales, Freeplay granted a promissory note to Barrett Marketing Group Limited in the total amount of US $1,084,500 (£529.024.39) ("The Note"). The Note matures on the earlier of 20 July 2011 and the date on which Freeplay issues additional shares in connection with a financing. The proposed Placing and Subscription would trigger an early repayment of a substantial amount due under the Note. The total amount outstanding under the Note as at the date of this document is US $832,509.92. Barrett Marketing Group has agreed to convert US $550,000 (£268,292.68) of the outstanding amount due by way of application for new Ordinary Shares at a price of 5 pence per Ordinary Share, subject to the resolutions at the GM being passed by Shareholders. The balance of the Note of US $282,309.92 will continue to be due under the terms of the Note and Barrett Marketing Group Limited has agreed to waive any obligation to make any earlier repayment of the Note by virtue of the proposed Placing and Subscription.

Pursuant to the Subscription Agreements, each of the persons referred to above have agreed to apply the total amounts of their loans by way of application for new Ordinary Shares at a price of 5 pence per ordinary shares, subject to the resolutions at the General Meeting being passed by Shareholders. The resolutions proposed at the General Meeting provide the Board with the authority to issue the 22,731,705 Subscription Shares pursuant to the conversion of the loans outlined above.

In addition Richard Court, David Floyd, Rahul Sharma, John Hutchinson, William Barrett, Edward Barrett and Harold Reiter have entered into Subscription Agreements to subscribe for 5,478,046 New Ordinary Shares in aggregate.

Certain of the Directors have agreed to participate in the Placing and Subscription as set out below:

Director	Current Shareholdin g	New Ordinary Shares	Number of Ordinary Shares on Admission	% of enlarged issued ordinary share capital on Admission
R.M. Stear[1]	2,363,471	6,000,000	8,363,471	9.90%
H. Reiter	-	975,609	975,609	1.15%
T.G. Roddick[2]	2,829,962	6,000,000	8,829,962	10.45%
A. Polansky	120,689	487,804	608,493	0.72%
R.A. Court	-	975,609	975,609	1.15%
D. Floyd	-	200,000	200,000	0.24%
W. Barrett[3]	3,443,346	1,951,219	5,394,565	6.38%
E. Barrett[3]	3,443,346	975,609	4,417,955	5.23%

1. Mr. Stear's current shareholding is held by the Flambard Settlement of which he is a beneficiary and by Wild Investments Limited in which he is interested. The New Ordinary Shares attributable to Mr. R.M. Stear will be owned by Flambard Holdings Limited, a company in which Rory Stear is interested.
2. Mr. Roddick's current shareholding includes 1,000,000 Ordinary Shares held by Wild Investments Limited, in which he is interested.

3. The ordinary shares beneficially held by W. Barrett and E. Barrett are held by Barrett Marketing Group Limited.

The Placing is not a rights issue or open offer and the New Ordinary Shares will not be offered generally to shareholders, whether on a pre-emptive basis or otherwise. The Directors believe that the considerable extra cost and delay involved in a rights issue or open offer would not be in the best interests of the Company, and accordingly, the Board considers that it is in the best interests of the Company and its shareholders for the funds to be raised by the Placing and Subscription.

Related Party Transaction

As set out above, Flambard Holdings Limited, a company in which Roderick Morton Stear is interested, Barrett Marketing Group Limited, Thomas Gordon Roderick, Harold Reiter, Richard Court, David Floyd, William Barrett, Edward Barrett and Andy Polansky have entered into the Subscription Agreements and as such are considered to be related parties for the purpose of the AIM Rules. Charles Stanley Securities, the Company's Nominated Adviser, considers that the terms of the promissory notes and the Subscription Agreements entered into by the Company with the Directors are fair and reasonable insofar as shareholders are concerned.

General Meeting

A General Meeting of the Company will be held at 11.00 a.m. on 13 December 2007 at the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London, WC2A 3TH at which Shareholders will be asked to consider the resolutions, necessary to approve and implement the proposals.

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For further information, please contact:

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Notes to Editors

Freeplay Energy plc is the original and leading global brand of clean, dependable energy products. Freeplay Energy's clean, patented technology harnesses human, solar and rechargeable energy and converts it into electricity to power unique portable, consumer products replacing conventional disposable battery-powered systems that are environmentally toxic and expensive. The current product range includes radios, torches, lanterns, mobile phone chargers and standalone foot powered generators. Freeplay Energy's "Lifeline" radio is distributed throughout the developing world by The Freeplay Foundation (www.freeplayfoundation.org) and other AID and Humanitarian organisations such as Unicef and other United Nations' agencies. Further information about Freeplay Energy plc and its products can be found at www.freeplayenergy.com.

Freeplay Energy – Best in the World, Best for the World