

Press Release

Vientiane, May 2nd, 2013

NAM PHOUAN HYDRO PROJECT (LAO PDR): MAJOR STEPS ACHIEVED

- **APPROVAL OF THE FEASIBILITY STUDIES WITH INCREASED CAPACITY (52MW)**
- **ENVIRONMENTAL CLEARANCE**

The Ministry of Energy and Mines of the Lao PDR approved on 3rd April 2013 the Feasibility Studies of the Nam Phouan Hydropower Project for an increased capacity of 52 MW.

The Ministry confirms the techno-economic proposal of the Group, including an increase of the installed capacity from 25 MW to 52 MW. The doubling of the installed capacity results from hydrological and power potential optimisation studies conducted by the Group's Vientiane office and international experts.

The 27 MW additional capacity brings the Group's project portfolio from 628 MW to 655 MW (641 MW Group share).

This validation comes after the approval on 14th March 2013 by the Ministry of Natural Resources and Environment of the Project's Environmental and Social impact assessment. This effectively gives the Group environmental clearance to the project.

The Nam Phouan Project will entail an investment in the range of USD 80 million.

The next steps consist in finalising the negotiations of the PDA (Project Development Agreement) with the Government and the electricity tariff with EDL (Lao Electricity Utility). Furthermore, the Group is in talks with contractors for a turnkey EPC contract and with banks for financing on attractive terms.

These latest positive developments in Lao PDR are in line with Velcan Energy's stated strategy of building and exploiting promising HEP assets in high potential countries.

Summary Information on Velcan Energy

- Velcan Energy develops and operates hydro power concessions in emerging markets.
- The Company's strategy is to become a market leader in up to 200 MW hydro power concessions, in among others, India, Brazil, Laos and Indonesia. Conditions are favourable for this type of plants because:
 - These countries suffer from serious under capacity in electricity production, particularly India where an estimated 650 million people do not have regular access to electricity.

- Under capacity has led to both Indian and Brazilian national governments liberalizing the state controlled electricity market and allowing increased private and foreign competition.
- Laos has a strategic position in South-East Asia, and can export to high power-demand growing countries such as Thailand, Vietnam, Cambodia and China.
- These countries have huge untapped hydroelectric potential; 100,000 MW in India, 190,000 MW in Brazil, 72 000 MW in Indonesia and 20,000 MW in Laos.
- In May 2013, Velcan Energy :
 - finished building and has put into operation its first hydroelectric concession in Brazil (15 MW),
 - owns rights related to hydroelectric concessions projects amounting to over 600 MW in India, Brazil and Laos (Group share),
 - has an agreement with the Lao PDR Government to co-develop 300 MW,
 - is actively prospecting in Indonesia at an advanced stage.
- Velcan Energy's technical team is composed of industry veterans and is one of the most experienced in the world in the construction and operation of hydroelectric and thermal power plants.
- Velcan Energy is headquartered in Paris, and employs over 50 people divided between its administrative offices (New Delhi, Paris, Vientiane, Jakarta and Saõ Paulo) and concession sites.

Disclaimer

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