

PRESS RELEASE

Vientiane, 27th May 2014

VELCAN ENERGY SIGNS PROJECT DEVELOPMENT AGREEMENT (PDA) FOR ITS TWO HYDROPOWER PROJECTS (TOTALLING 93 MW) WITH LAO PDR

Velcan Energy, through its subsidiaries Hydro Lao Investment (HLI) and Hydro Lao Investment 2 (HLI2), has signed with the Government of Lao PDR on 23rd May 2014 Project Development Agreements (PDA) for its two Hydro Power Projects (HPP), Nam Phouan HPP and Nam Ang HPP.

- Nam Phouan HPP, located in the Province of Xaisomboun, will have an installed capacity of 52 MW and will entail an investment of approximately USD 80 million. The project was developed by Velcan Energy under the aegis of a Memorandum of Understanding signed with the Government of the Lao PDR in September 2010.
- Nam Ang HPP, located in the Province of Attapeu, will have an installed capacity of 41 MW and will entail an investment of approximately USD 70 million. The project was developed by Velcan Energy under the aegis of a Memorandum of Understanding signed with the Government of the Lao PDR in March 2011.

The PDA was also signed by Electrical Construction and Installation (ECI), Velcan's partner in Laos and representative of the Government of Lao PDR to participate in the equity of the Projects. ECI will hold up to 25% of each project company.

The execution of the PDAs signals the end of four years of work dedicated to techno-economic Feasibility Studies and detailed Environmental and Social Impact Assessments, which confirmed the attractive features of the projects.

Looking forward, the PDA provides an exclusive framework for the completion of Power Purchasing Agreement (PPA) with EDL, the Lao national utility. In turn, the PPA will be a crucial element in raising the debt necessary for construction.

The Nam Phouan and Nam Ang HPPs are run-of-the-river projects that, once built, will provide sustainable and clean energy with limited environmental and social impact. Importantly, these projects will require no population resettlement.

Velcan Energy wishes to express its gratitude to the Government of Lao PDR and would like to thank all national, provincial and district officials as well as the local communities for their support.

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About Velcan Energy:

Velcan Energy (ALVEL FP) 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 India, Brazil, Laos and Indonesia.

Hydro power is attractive and can be an important contributor to the economic development of these countries:

- Chronic electricity shortages are an impediment to social and economic development. For instance, an estimated 650 million people do not have regular access to electricity in India.
- Under-capacity has led both the Indian and Brazilian national governments to liberalize their national electricity market to allow increased private and foreign competition.
- Laos has a strategic position in South-East Asia and can export electricity to growing countries such as Thailand, Vietnam, Cambodia and China. Indonesia is one of the largest emerging economies in the world with stable economic growth rates and good conditions for hydro power.
- Velcan Energy is active in countries with huge untapped hydroelectric potential; 84 GW in India, 180 GW in Brazil, 75 GW in Indonesia and 26, GW in Laos.

As of May 2014, 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 860 MW in India, Brazil, Indonesia and Laos,
- has two pre-concessions in the Lao PDR for a total of 93 MW,
- Develops, through a consortium with a subsidiary of PLN and a local partner, a 59 MW hydroelectric project in Indonesia.

Velcan Energy employs over 50 people in its offices (New Delhi, Singapore, Vientiane, Jakarta and São Paulo) and its concession sites.

Velcan Energy is listed on the Paris Stock Market (Euronext Alternext ALVEL-FR0010245803). The Company never performed any Public Offer as under the meaning of Articles L 411-2, II-4° and D 411-1 of the French monetary and Financial code.

Disclaimer

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