

PRESS RELEASE

Singapore, 30th September 2013

VELCAN ENERGY H1 2013 REPORT: STABLE EBITDA AS HYDRO POWER PROJECTS MAKE PROGRESS

| | | 30-Jun-13 | 30-Jun-12 |
|------------|---|-----------|-----------|
| | | 6 Months | 6 Months |
| Turnover | m | € 2.3 | € 2.6 |
| EBITDA | m | € 0.6 | € 0.6 |
| Net Result | m | € (0.2) | € 2.2 |

| | | 30-Jun-13 | 31-Dec-12 |
|---------------------------|---|-----------|-----------|
| Shareholders Equity | m | € 126.3 | € 128.8 |
| Cash and Cash equivalents | m | € 89.0 | € 90.9 |
| Book value per share | | € 21.1 | € 21.4 |

Unaudited

Velcan Energy publishes its results for the first half 2013:

- Turnover amounted to EUR 2.3m in H1 2013 vs EUR 2.6m in H1 2012 and came nearly exclusively from sales of electricity in Brazil.

- EBITDA remained positive and stable at EUR 0.6m compared to the same period a year ago. Operating costs were down by 25% compared to H1 2012, offsetting higher costs of goods sold.
- Operating profit was at breakeven in H1 2013 versus a loss of EUR -0.7m in H1 2012.
- Net result, Group share, was a loss of EUR -0.2m vs. a profit of EUR +2.2m in H1 2012.
- Both net income and comprehensive income were hit by foreign exchange variations that were further amplified by Velcan's use of the Euro as a reporting currency. The Group is progressively aligning its treasury position with its future investment needs. Indeed the US Dollar is the effective currency for a number of markets that Velcan is targeting, in particular for capital goods.
- At 30th June 2013, Velcan's financial position remains strong, with a net cash position of EUR 89m. Book value per share stands at EUR 21.14.

Velcan Energy continues to make progress in the development of its portfolio of Hydro power concessions in emerging markets. The Group expects to start construction on a small hydro project (7MW capacity) in Indonesia in 2014.

Demand growth for electricity in the countries Velcan targets remains robust. Indeed, recent turmoil in financial markets has made hydropower more attractive relative to thermoelectric generation. Velcan Energy's technical and commercial know-how is a decisive advantage.

During the first half of 2013, a number of milestones were passed:

- In India, Velcan successfully filed the Techno-Economic Studies for the Tato 1 (186MW) Project. The Group is confident that this will lead to a Techno-Economic Clearance (TEC) by the CEA in the first half of 2014.
- In Laos, planned capacity was revised up to 52MW for the Nam Phouan project, following the granting of the environmental clearance.
- The Group continues prospecting, at various stages of development, in Indonesia. Progress on these projects is encouraging.
- Furthermore, the Group also signed contracts to secure higher prices for its Brazilian production for the period from June 2014 to December 2016.

Since 1st July 2013:

- Velcan has given details of its portfolio of projects in Indonesia mentioning, amongst others, two projects of 59MW and 62MW capacity and advanced discussions for a 7MW project. Construction of the 7 MW project should start in 2014.
- In India, successful filing of the Techno-Economic Studies for the Heo (240MW) project. The Group is confident that this will lead to a Techno-Economic Clearance (TEC) in the second half of 2014.
- Successful public hearing for Tato-1 project in India. This public hearing is an important step in view of obtaining the Environmental Clearance for the project.
- Initiation of stock coverage by 7c Consult (email : info@7c-consult.net)

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Investor Relations Contact investor@velcanenergy.com

Nicolas Konialidis konialidis@velcanenergy.com

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. It is currently targeting India, Brazil, Laos and Indonesia for its next investments.

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; 84,000 MW in India, 180,000 MW in Brazil, 75 000 MW in Indonesia and 26,000 MW in Laos.

As of September 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 628 MW in India, Brazil and Laos
- Has two pre-concessions in the Lao PDR for a total of 88 MW.,
- is at an advanced stage of prospecting in Indonesia with construction expected to start in 2014

Velcan Energy's technical team is composed of industry veterans. Velcan Energy is headquartered in Paris and employs over 50 people in its administrative 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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