

PRESS RELEASE

Luxemburg, 24th March 2014

VELCAN ENERGY: PROPOSAL TO MERGE WITH LUXEMBURG SUBSIDIARY

Velcan Energy launches an internal restructuring in order to simplify the Group's structure, reduce costs and centralize its financial activities. In that view, management wishes to make the Luxemburg subsidiary the financial and strategic center of the Group.

Thus, Velcan Energy executed on 21st March 2014 the proposed merger agreement with its wholly-owned subsidiary, Velcan Energy Luxemburg. Shareholders will have to vote on this project during the upcoming General Assembly.

The project provides for a one-for-one exchange ratio. Each share in Velcan Energy would be exchanged for one share of the absorbing company. Following the merger, Velcan Energy will be dissolved and its balance sheet folded into Velcan Energy Luxemburg. The latter, renamed "VELCAN", will become the mother company of the Velcan Group whose assets and consolidation perimeter will remain unchanged by the proposed transaction.

Newly issued Velcan shares, once attributed to shareholders, would then be listed on NYSE Alternext Paris, replacing shares currently listed there.

The procedure to delist Velcan (France), swap shares and list Velcan (Luxemburg) instead will be detailed at a later stage. The company will put at shareholders' disposal all relevant information on this merger within the next few weeks.

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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 March 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

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. This information constitutes objectives attached to projects and shall not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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