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DJ Econergy Intl: Subsidiary Signs Brazilian Loan Agreement

Edited Press Release

LONDON (Dow Jones)--Econergy International announced Wednesday a significant development relating to its 19.8 MW Areia Branca hydroelectric project.

Econergy's subsidiary, Hidreletrica Areia Branca, has signed a construction and non recourse long-term take-out loan agreement for the project with Brazil's Banco Nacional de Desenvolvimento Economico e Social (BNDES). Key terms and conditions include a loan amount of BRR55.6 million (\$31.8 million) or 66.4% of total project cost. The deal includes a term of 14 years, post an initial grace period on payment of interest and principal during construction and 6 months after commercial operation.

An interest rate of TJLP (Taxa de Juros de Longo Prazo, the long-term interest rate in Brazil) plus 2.5%, an overall interest rate of 8.75% Wednesday is included in the agreement, the company said.

Econergy International will provide an unsecured guarantee for the full amount of the loan during the construction period.

After commercial operation Econergy will provide annual payment support until stated debt service coverage ratios are met at which time the loan will become fully non recourse to the Company for the remainder of its term.

Drawdown of the loan remains subject to the completion of certain customary legal and administrative requirements, the company said.

Areia Branca will generate 97,412 gross MWh per year (77,930 net MWh to Econergy International after CleanTech Fund investment).

The plant is expected to enter into operations by October 2008. A 20-year power purchase agreement with Eletrobras is already in place.

(END) Dow Jones Newswires

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