

**Kedco plc**

**VCT funding term sheet for Newry Plant**

Kedco plc (AIM:KED) ("Kedco" or the "Company"), the renewable energy group focusing on the production of clean energy in the UK and Ireland, is pleased to announce that Newry Biomass Limited ("NBL"), the joint venture entity which operates the Company's Renewable Energy Electricity and Heat Generating plant in Newry, Northern Ireland, has agreed non-binding indicative terms in respect of a Venture Capital Trust ("VCT") investment into NBL (the "Term Sheet").

Pursuant to the Term Sheet, certain VCTs (the "Lenders") have agreed to make available a term loan of £1.5 million to NBL (the "Loan"). The Loan will be utilised for working capital and in the construction of the second phase of the 4MW biomass gasification project, which recently announced that it had commenced to export electricity to the grid.

The Loan is subject to the satisfaction of certain conditions, including due diligence and agreement of final contract terms. The Company will make further announcements in respect of the funding in due course.

**Reforce**

On 18 September 2012, Kedco announced that it had signed a heads of agreement in respect of the proposed acquisition of Reforce Energy Limited ("Reforce"). The negotiation of a binding contract is continuing and the directors of Kedco hope to make an announcement shortly.

Kedco notes that Reforce announced today that it has completed the acquisition of Pluckanes Windfarm Limited ("Pluckanes"), which has developed a fully consented 800kw single wind turbine project located in Cork, Ireland. The directors of Kedco consider the acquisition of Pluckanes to be an important milestone in Reforce's development.

**Fundraising**

Further to the circular dated 10 September 2012, the directors of Kedco are continuing with the fundraising and intend to make an announcement shortly.

Gerry Madden, CEO of Kedco, commented: "The transition from developer to producer in Newry is a significant milestone for Kedco and we welcome the support of the Lenders in funding this exciting project. Having attracted funding support from both a major bank and VCTs, we are confident that we are pursuing the right business model for commercialising UK Renewable Energy projects that can provide strong visibility on earnings.

With the purchase of the Pluckanes project, Reforce has added a construction ready asset to its portfolio, which is targeted to become operational during 2013. Assuming the completion of the acquisition of Reforce this will increase Kedco's operational capacity by 40 per cent. once the project is commissioned next year. We look forward to providing our shareholders with further updates in due course."

**- Ends -**

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**Further information on Kedco plc**

Kedco plc's business strategy is to identify, develop, build, own and operate renewable energy electricity and heat generation plants in the UK and Ireland. These plants will contribute to the need for sustainable energy from renewable sources.

The Company possesses significant knowledge of renewable energy markets, clean technologies, biomass and waste fuel sources, project development, project finance and project delivery.

Kedco has a strong pipeline of additional plants at varying stages of development, including a site in North London with full Planning and Environmental Permission for the conversion of 60,000 tonnes of waste timber per annum into up to 12MW of electricity and heat. The

Company is also currently engaged in the planning process for proposed biomass projects in Rutland, East Anglia and Clay Cross, Derbyshire.

Kedco was admitted to trading on AIM, a market operated by the London Stock Exchange, in October 2008 (AIM:KED).

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