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Rurelec PLC

("Rurelec" or the "Company")

Update regarding Energia del Sur, S.A.

Further to the announcement of 19 October 2017, the Directors of Rurelec (AIM:RUR), have been in discussions with the management of Energia del Sur S.A. ("**EDS**"), which owns and operates the 136 MW Southern Patagonian CCGT power plant in Argentina, regarding the resumption of debt repayments owed to Rurelec Project Finance Limited ("**RPFL**").

Following the August 2017 shutdown associated with the failure of certain steam turbine blades, EDS continues to operate the plant at reduced output - the steam turbine is operating at around 21 MW output rather than the usual 43 MW, giving the power station a maximum nominal output of 97MW. EDS management has brought forward the target date for the planned maintenance of the steam turbine to May 2018. This overhaul should restore the plant back up to full output.

In the meantime, EDS management reports that cash flow is very tight as a result of a material loss of income from the profitable Resolution 220 contract for the electricity generated by the steam turbine. EDS is generating just enough cash to cover its operating costs with minimal capacity to repay RPFL debt until the plant resumes full output and cash is received from that output 60 days later in mid-2018. EDS is liaising with insurers regarding a loss of profit claim and are pursuing an interim payment which may enable some debt repayment to recommence before mid-2018.

In order to bridge the working capital gap caused by the temporary suspension of receipts from EDS, the Directors of Rurelec are actively examining further funding options to meet its working capital requirements, should it be needed. Accordingly, until this situation is resolved the Company's working capital position remains severely constrained.

Further updates will be provided as negotiations progress

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