



**IPSA Group PLC**  
**("IPSA" or "the Company")**

**9 March 2007**

**Agreement to acquire turbines**

The Board of IPSA, the independent power plant developer with operations in southern Africa, is pleased to announce that, following the placing completed on 8 March 2007, it has today entered into an agreement to acquire from a subsidiary of Siemens AG four Fiat Avio gas turbines ("the Turbines") with an aggregate generating capacity of around 500 MW.

It is intended that the Turbines will be installed as part of the first phase of generating capacity to be installed for the Coega Fast Track Project ("Coega") just outside Port Elizabeth in South Africa.

Coega, IPSA's largest development project to date, is proposed as a combined cycle gas turbine ("CCGT") project of 1,600 MW made up of two separate blocks of 800 MW each. The Turbines being acquired will form the open cycle components of the initial 500 MW of the first block. Conversion of the two blocks to combined cycle is expected to take place at a later stage. The Coega project remains subject to the receipt of the necessary Government regulatory approvals, planning and environmental consents being granted and to financing being completed.

The Company has agreed to pay a total of €31.2 million (approximately US\$40 million) for the Turbines, which equates to c. US\$80 per KW. Payment of the consideration is scheduled in three tranches: the first tranche of 25 per cent. is payable immediately upon entering into the agreement; the second tranche of 25 per cent. will be payable on 31 March 2007; and the third tranche of 50 per cent. will be payable on 31 March 2008.

The initial two financing payments totalling approximately US \$20 million are being met out of the existing cash reserves and short term financing available to the Company. The Directors are confident that longer term financing for the Turbines will be forthcoming for the Company, although the precise nature of that funding will be decided in due course.

**IPSA GROUP PLC**

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Registered in England No. 5496202



Peter Earl, CEO of the Company, said:

'We are very pleased to be able to acquire these turbines at an equivalent price of just US\$80,000 per MW. This allows our Coega Fast Track Project to be highly competitive in terms of the installed cost per MW, which is the key ratio for every power developer. By purchasing turbines ready for immediate delivery, we can considerably reduce the time it takes to have the first unit up and running. This is absolutely vital to South Africa at a time when there are severe power cuts affecting the whole country – but especially the Cape region. The acquisition of the first 500 MW of turbines for Coega not only reduces the time pressure on the construction timetable but also positively improves the economic factors influencing the returns on the project.'

For further information please contact:

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