



Paris, 8 August 2006

Press Release

VELCAN ENERGY BECOMES ELIGIBLE FOR INVESTMENT BY FCPI (FRENCH FUNDS FOR INNOVATION)

On the 17th of July 2006, the French Government Agency OSEO ANVAR's recognized the innovative character of the projects presented by the company Velcan Energy.

The purpose of that "innovative business" certification is to enable funds for innovation (Fonds Communs de Placement pour l'Innovation) to invest in the Company and classify this investment in the share of their funds that they must invest by Law into innovative companies if they want to keep their favourable tax treatment. The innovative character has been approved for a 3 year period.

Velcan Energy is a French company specializing in "green" energy production, mostly involving electricity generation using biomass combustion and hydroelectric technologies. Velcan Energy has two sources of revenue: sale of energy (electricity and steam) and sale of CDM credits.

Velcan Energy operates in Brazil through its subsidiary Velcan Desenvolvimento Energético do Brasil Ltda and in India through its subsidiary Velcan Energy India Pvt Ltd.

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris CDM credit exchange, Powernext Carbon.

Shareholders:

Financière Saint Merri SA (leading shareholder Crédit Agricole)
Private investment funds in France and UK

Sites:

France: Paris (Velcan Energy SA)
India: Bangalore (Velcan Energy India Pvt Ltd)
Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

Workforce: 80

Contact details

Velcan Energy

Jean-Luc Rivoire
Chairman
+33 (0)1 42 68 51 08

Velcan Energy
75 bd Haussmann, 75008 Paris, France – www.velcan.fr

Velcan Energy is a green energy producer.
Velcan Energy is listed on the Euronext Paris stock market (code MLVEL).

Disclaimer

This announcement does not constitute a public offering (appel public à l'épargne) nor an invitation to the public or to any qualified investor in connection with any offering. This announcement is not an offer of securities in the United States or in any other jurisdiction/country.