

Paris, 31 August 2006

Press Release

VELCAN ENERGY acquires 15 MW of electrical licence in India

Velcan Renewable Energy Pvt Ltd, a 100% Indian subsidiary of Velcan Energy, has finalized the acquisition of the two companies Dheeru Powergreen Maharashtra Pvt Ltd and Mangalam Bio-Energen Pvt Ltd. Each of these companies owns a licence to build a 7.5 MW biomass based electrical power plant in the State of Maharashtra.

With a population of a 100 million inhabitants, the State of Maharashtra is India's second largest in terms of population. Its capital is Mumbai (formerly Bombay).

The State installed production capacity is 13 400 MW with an annual production of 67 TWh. The shortage at time of peak consumption is estimated at 4 000 MW.

Antoine Decitre says "These two acquisitions are the result of negotiations begun a few months ago and for which we signed the first agreements in April. As other Indian States, the State of Maharashtra faces a large shortage of installed electrical capacity. This shortage is continuously increasing due to the great economic dynamism of both its population and the city of Mumbai.

The construction of these power plants is expected to begin during the first semester of 2007.

We are pleased to announce these acquisitions, which confirm the ability of our Indian team to implement our investment plan in India ".

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 carbon credits.

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

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris carbon 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 Renewable Energy Pvt Ltd) Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

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

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