



Paris, 24 october 2006

Press Release

VELCAN ENERGY obtains a second 10 MW electrical licence in Karnataka

Velcan Energy, through its 100 % Indian subsidiary Velcan Renewable Energy Pvt Ltd has obtained from Karnataka Udyog Mitra, the government of Karnataka agency responsible for Industrial policy, a second licence to set up a 10 MW Power Plant.

This power plant will be also part of a green chemical industrial complex that will uses the ashes of the power plant to produce precipitated silica.

The industrial complex will be located in the district of Shimoga, in the Machenahalli Industrial area. The district of Shimoga has a population of 1.6 million inhabitants and is at a distance of 270 km from Bangalore, the capital city of Karnataka.

With a population of a 56 million inhabitants, the State of Karnataka (Capital city Bangalore) is India's ninth largest in terms of population. Its capital is Bangalore.

The State installed production capacity has increased recently to 6 300 MW. The shortage at time of peak consumption is estimated at 1 400 MW

Antoine Decitre, Managing Director of Velcan Energy says : “ The fact that we are granted a second licence in Karnataka proves that Velcan Energy is considered to be a very serious player in the Indian Electricity market. Getting a new licence in such dynamic state as Karnataka is also off course a very good news. We are proud to contribute to the construction of the Infrastructure that will enable India to become one of the leading economic power of this century. In the coming months, we'll keep working on getting more licences throughout the country to continue the roll out of our investment plan.”

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)

Workforce: 80**Contact details**

Velcan Energy

Antoine Decitre

Managing Director

+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.