

Press Release

SÃO PAULO, 25 April 2007

Velcan Energy speeds up its development in Brazil with the signature of two hydroelectric projects representing 74MW

Construction to begin in August 2007 with the start-up of production scheduled for 2009 and 2010.

Velcan Energy discloses details of the acquisition of the construction rights for the Rodeio Bonito (14MW) and Rio das Mortes (60MW) hydroelectric dam projects.

The projects are 30-year concessions granted by the Brazilian national electrical energy agency.

Rodeio Bonito

The Rodeio Bonito project (14MW) is situated in Santa Catarina State, 700 kilometres from Sao Paulo.

- Construction to begin: August 2007
- Production start-up: mid-2009.
- Geographic coordinates of the site: 27°6'33.64"S , 52°29'21.08"W
- Power production forecast: 70,000 MWh a year.
- Carbon credit production forecast: 18,200 CERs a year.

Financial performance forecast for Rodeio Bonito

Thousands of Euro	2009	2010	2011	2012
Revenue	1 808	3 683	3 751	3 821
Ebitda	1 523	3 102	3 159	3 217
%	84%	84%	84%	84%
Net Income	471	1 093	1 257	1 434
%	26%	30%	34%	38%

Rio das Mortes

The Rio das Mortes project consists of two dams - Pirapitinga (30MW) and Ibituruna (30MW) - less than three kilometres apart on the same river in Minas Gerais State, 330 kilometres from Sao Paulo. The two sites will be managed as a single project.

- Construction to begin: second quarter of 2008
- Production start-up: early 2010.
- Geographic coordinates of the sites: 21° 6'52.64"S , 44°45'58.58"W (Ibituruna) and 21°6'47.99"S, 44°47'25.57"W (Pirapitinga)
- Power production forecast: 300,000 MWh /a year
- Carbon credit production forecast: 78,000 CERs /a year.

Financial performance forecast for Rio das Mortes

Thousands of Euro	2009	2010	2011	2012
Revenue	0	15 922	16 217	16 517
Ebitda	0	13 925	14 181	14 442
%		87%	87%	87%
Net Income	0	5 061	5 912	6 835
%		32%	36%	41%

Combined financial performance forecast for the 74 MW

Thousands of Euro	2009	2010	2011	2012
Revenue	1 808	19 605	19 968	20 338
Ebitda	1 523	17 027	17 340	17 659
%	84%	87%	87%	87%
Net Income	471	6 155	7 169	8 269
%	26%	31%	36%	41%

Location of the projects



Jean-Luc Rivoire Managing Director of Velcan Energy says – "We are continuing our development. Our Brazilian team is now fully operational. Team members have already constructed over 20,000 MW of hydroelectricity in the course of their careers. The fact that we are starting to build our first dam 18 months after our arrival in the country is considered a veritable performance by all the local players and the credit is all down to this team. In view of the 74 MW already acquired, our objective to install 200 MW in Brazil now seems fairly easy to achieve and will undoubtedly be exceeded.

Our priority goes to the development of hydroelectric projects, in stable emerging countries in particular which, unlike industrialised countries, still have tremendous potential for the installation and operation of hydroelectric power. Power from dams has the advantage of being one of the most competitive in the world whatever the type of energy, renewable or otherwise, with very good revenue and profitability predictability.

The context for our development in Brazil is particularly favourable. The annual requirement for additional electrical power production capacity is 4,000MW. Electricity prices rose from 77.60 BRL (28 Euros) in December 2004 to 136.70 BRL (50 Euros) in November 2006 (taken on a basis excluding inflation). These prices result from a national bidding process for long-term sales contracts.

Overview of Velcan Energy's portfolio by stage of progress:

	Projects (studies in process)	Concessions to be constructed	Power stations in Production
Power capacity	830 MW	124 MW (1)	15 MW (2)
Year of production start-up	Not defined at present	2010	2006

- (1) broken down into 74 MW of hydroelectric power in Brazil, 45 MW of biomass in India and 5 MW of hydroelectric power in India.
- (2) 2 biomass power stations in India

Velcan Energy is an independent renewable electricity producer, using biomass combustion technologies and hydroelectric power plants. Velcan Energy has two sources of revenue: sale of electricity 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 (reference 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)

Average payroll employees: 120

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Velcan Energy is an independent green electricity producer.
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Disclaimer

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