



Press Release

Paris, 8th September 2008

Portfolio Update: Velcan Energy confirms hydro power priority and cancels 4 small biomass projects in India

Velcan Energy has cancelled the investment in the Dheeru (7.5 MW), Mangalam (7.5 MW), Shimoga (10 MW) and KR Nagar (10 MW) biomass power projects in the States of Maharashtra and Karnataka (India). Since the acquisition of those licences, the company has won a number of significant hydro power projects. The board of the company has concluded that it was in the shareholder's interest to focus the company on these bigger investment opportunities.

The licences have been given back to the consent Authorities. The guarantee deposits of 120 KEuros have already been given back to the Company. The development costs have been written off and will have a negative impact of 209 KEuros on the year 2008 accounts.

Antoine Decitre, co MD: "Given the small size of the biomass projects compared to our hydro projects, it made no sense to devote time and effort to build those small plants. Besides our two biomass running plants (7.5 MW each) the rest our Indian portfolio (354 MW) is made of 6 hydro power projects."

Next portfolio update:

The company will comment on a recent development of its Brazilian hydro projects portfolio on September 10th, 2008.

For information and enquiries, either visit our website at www.velcan.fr or contact the following:

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Summary Information on Velcan Energy

- Velcan Energy is a Nyse Euronext quoted Independent Clean Power Producer which builds and operates medium sized renewable energy power plants in India and Brazil

- The Company's strategy is to become a market leader in up to 100 MW renewable energy power stations in India and Brazil with a particular focus on the hydroelectric sector. Conditions are favourable for this type of plants because:
 - Both countries suffer from serious under capacity in electricity production, particularly India where an estimated 650 million people do not have regular access to electricity
 - Under capacity has led to both national governments liberalizing the state controlled electricity market and allowing increased private and foreign competition
 - Both countries have huge untapped hydroelectric potential; India with an estimated 100,000 MW and Brazil with an estimated 190,000 MW
 - Velcan Energy's goal is to obtain concessions for, construct and begin operation of 1 700 MW between India and Brazil
- As of September 2008, Velcan Energy
 - Has begun operation of 2 biomass power plants in India
 - Is in the final phase of the construction of its first hydro power plant in Brazil (15 MW)
 - Totally, owns the rights to more than 465 MW of concessions and projects in India and Brazil
 - Is undertaking negotiations and investigations to acquire new concessions in India and Brazil.
- Over the lifetime of the concessions, approximately 5% of Velcan Energy's revenue is derived from the trade in carbon credits (CERs) generated, under the Kyoto Treaty, by the operation of renewable energy power plants, and normally sold directly to European and Japanese Industry
- Velcan Energy's technical team is composed of industry veterans and is one of the most experienced in the world in the construction and operation of hydroelectric and thermal power plants.
- Velcan Energy is headquartered in Paris, and employs over 200 people, divided between its six administrative offices (Bangalore, Bhubaneswar, Dubai, New Delhi, Paris, and São Paulo), its existing power plants and project sites.
- Reference shareholder of Velcan Energy is Financière Saint Merri SA, which reference shareholder is Crédit Agricole.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. These information constitute objectives attached to projects and shall, in any case, not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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