

Press Release

SÃO PAULO, 14th March 2008

## New Hydroelectric project in Brazil (16 MW)

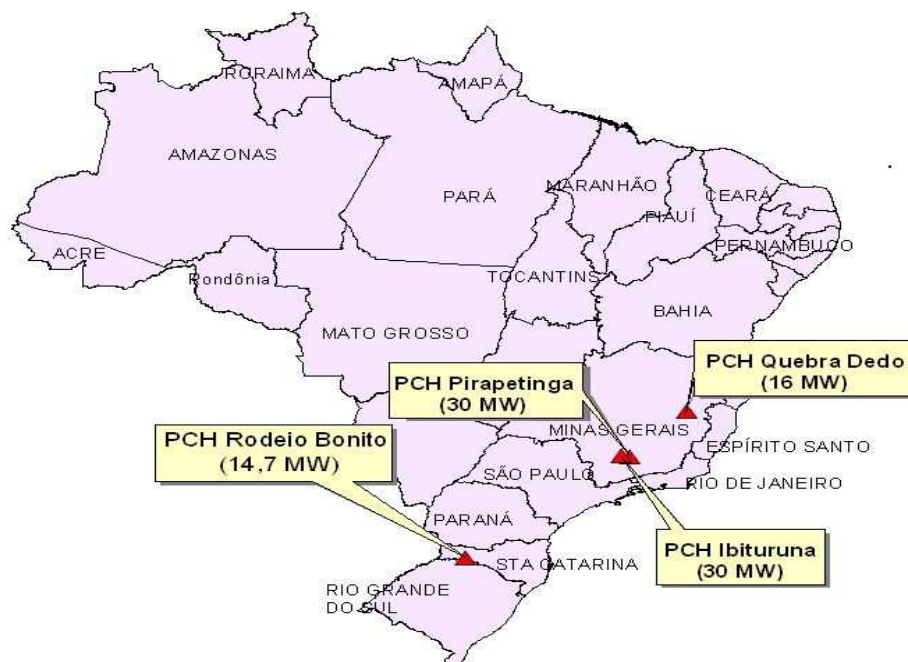
Velcan Energy strengthens its presence in Brazil with the acquisition of the Quebra Dedo 16 MW hydroelectric project. This is the fourth project of the Company in Brazil. The Company's portfolio of signed projects, concessions and plants in operation now represents a total of 510 MW in India and Brazil.

Depending on the different authorisations still expected, construction of the Quebra Dedo should begin in the first semester of 2009 and the start-up of production in 2010-2011.

The Quebra Dedo Hydroelectric project is located on the Suaçi Grande River, in the state of Minas Gerais, South-East region of Brazil,

It is too early to give detailed expected financial performance of the Quebra Dedo project. If market conditions do not change significantly, the financial performance should be in the same range as the Rodeio Bonito project (see Press release of September 3<sup>rd</sup> 2007).

### Location of the Brazilian projects of Velcan Energy



Jean Luc Rivoire, Group co-Managing Director says – “In keeping with our development objectives of installing a capacity of 300 MW in Brazil fairly rapidly, we are very happy to have acquired one more investment opportunity in our portfolio of projects in Brazil, now totalling 91 MW”.

The State of Minas Gerais is the second most populated and the fourth largest state of Brazil with an increasing demand for electricity. According to the strategic evaluation conducted by the State Government in 2007, Minas Gerais targets until 2030 an annual economic growth of at least 10%, with an energy consumption increase of 1,4% for each 1 % of economic growth. Velcan Energy is pleased to contribute to the fulfilling of this steeply increasing demand. Minas Gerais has an installed capacity of 18 212 MW and contributes to approximately 19 percent of the electric power production of Brazil

For information and enquiries, either visit our website at  
[www.velcan.fr](http://www.velcan.fr) or contact the following:

Velcan Energy Contact:

Antoine Decitre  
Co-Managing Director  
Tel: + 33 (1) 42 68 51 08

**ISIN Code: FR0010245803**

**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 March 2008, Velcan Energy
  - Has begun operation of 2 biomass power plants in India
  - Is in the middle of the construction of its first hydro power plant in Brazil (15 MW)
  - Owns the rights to 480 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. During the course of their careers, team members have been responsible for or significantly involved in the construction of
  - the Itaipu dam in Brazil (14,000 MW, still the biggest hydro power plant in the world)
  - the Naptha Jakri dam in India (1,500 MW, still the biggest running hydro power plant of India)
  - the Porcheville thermal power plant in France (coal based 2,400 MW power plant, still the biggest solid fuel based power plant in France)
  
- Velcan Energy is headquartered in Paris, and employs over 180 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 during the current financial year. 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.*

*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.*