



Press release

Paris, 24 October 2007

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**RESULTS OF THE CAPITAL INCREASE WITHOUT PREFERENTIAL  
SUBSCRIPTION RIGHTS IN THE FORM OF A PRIVATE PLACEMENT  
ANNOUNCED ON 10 SEPTEMBER 2007  
SECOND TRANCHE OF FUNDS RAISED €20,000,000**

Velcan Energy has announced that it has carried out a capital increase without preferential subscription rights in the form of a private placement with qualified investors.

The number of new shares issued is 476,191 equal to 6.14% of the Company's share capital after the transaction.

The Board of Directors set the subscription price of €42.00 per share. The subscription period began on 22 October 2007 and was closed on 24 October 2007,

The new shares will bear current dividend rights and will be fungible with existing shares as of the issue date.

The shares have a nominal value of € 1 per share and are all in the same category.

The settlement and delivery date will be between on the 24 of October. The new shares will be listed on 26 of October 2007.

Antoine Decitre, Velcan Energy's Co-Managing Director says: "As we said when we closed the first tranche of 60 millions Euros on September 24<sup>th</sup>, we have kept discussing with some investors. This second tranche of 20 millions Euros brings us to 80 millions within our target of 70 to 100 millions Euros. It closes this round.

This second tranche shows again that our business is not impacted significantly by the current market turmoil. The need for additional power plants in India and Brazil will be there for many years. India, Brazil and France all have installed capacity in the 100 000 MW range. But their population and growth rate are completely different. We are just putting up in India and Brazil the same kind of infrastructure that was built in France long ago. The French hydro-electric potential is exploited now at 100%. The Indian and Brazilian have been exploited at respectively 21 and 28%.

When people become richer, which thanks to economic growth is the case of many people in emerging countries, they buy goods that require electricity. These may be mobiles phones, refrigerators, or light bulbs. These goods are quickly manufactured or imported. But electricity does not travel well and it takes a long time to build the huge local power plants that will satisfy the power needs of these people. The price of electricity will remain probably dynamic in these countries for many years for that reason.

These funds will help us in securing the various concessions and acquisitions we have under negotiation.”

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

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## **Summary Information on Velcan Energy**

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- Velcan Energy is a Euronext quoted Independent Clean Power Producer which constructs 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 plant 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 October 2007, Velcan Energy
  - Has begun operation of 2 biomass power plants in India
  - Is starting in July 2007 the construction of its first hydro power plant in Brazil

- Obtained over 359 MW of hydroelectric concessions in India and 74 MW in Brazil
  - Is undertaking negotiations and investigations to acquire concessions and plants in operation in India and Brazil. The company has currently more than 3 000 MW under evaluation.
- 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 direct 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 (2,400 MW power plant, still the biggest solid fuel based power plant in France)
- Velcan Energy is headquartered in Paris, and employs over 150 people, divided between its six offices (Bangalore, Bhubaneswar, Dubai, New Delhi, Paris, and São Paulo)
- Reference shareholder of Velcan Energy is Financière Saint Merri SA, which reference shareholder is Crédit Agricole.

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