



Velcan Energy announces development objectives for Brazil

After founding the São Paulo subsidiary Velcan Desenvolvimento Energético do Brasil Ltda in December 2005, Velcan Energy is now announcing twelve renewable-energy power-plant projects totalling 239 MW by 2009.

Paris – São Paulo, 25 April 2006

Velcan Desenvolvimento Energético do Brasil Ltda, based at São Paulo, announces the forthcoming development of twelve power plants in Brazil: five biomass units totalling 121 MW, six hydroelectric units totalling 100 MW, and a biogas unit rated at 15 MW. The startup schedule will run from 2007 to 2009.

Power-plant design will be supervised by Velcan Energy's Paris-based technical teams. Engineering and plant equipment will be bought 100% locally in Brazil, which boasts unparalleled know-how in hydroelectric plants (through developments totalling 70,000 MW to date) and world-class suppliers of industrial turbine and boiler equipment.

To quote Joaquim da Silva Sampaio Lobo¹, who joined Velcan Energy in January 2006 to take charge of the group's operations in Brazil, *"Brazil holds remarkable investment opportunities in renewable energies, with rising electricity demand calling for 4,000 MW of additional plant capacity per year. To meet this demand, Brazil can harness immense renewable energy resources for fuelling hydroelectric and biomass (agricultural and forestry) power plants. In addition, economic conditions are highly favourable: the market recently opened up to independent electricity producers, and Brazil holds the world's leading position in CDM (clean development mechanism) projects."*

Velcan Desenvolvimento Energético do Brasil Ltda is running several projects for CHP (combined heat and power) plants fuelled by bagasse (sugar cane residue)

With Brazil standing as the world's biggest producer in the fast-growing ethanol fuel sector, Velcan Desenvolvimento Energético do Brasil Ltda is able to address major growth opportunities for CHP (combined heat and power) plants fuelled by bagasse (sugar cane residue). The eighty or so ethanol production units currently under development in Brazil each require about 10 MW for plant operation and are capable of exporting up to 40 MW into the power system.

¹Joaquim Da Silva Sampaio Lobo is former engineering director of the Brazilian subsidiary of Mitsubishi Heavy Industries and former technical director of CNIM in Brazil.

Velcan Energy SA chairman and co-founder Jean-Luc Rivoire, based in São Paulo since January 2006, oversees group development in Brazil, along the lines of the development programme that has been running for the last 18 months in India, where two energy-production and CDM-credit units have been started in 2006.

Velcan Energy SA is a French company specializing in ecological energy production, chiefly 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 CDM credits.

Velcan Energy operates in Brazil through the subsidiary Velcan Desenvolvimento Energético do Brasil Ltda and in India through the subsidiary Velcan Energy India Pvt Ltd.

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris CDM credit exchange, Pownext Carbon.

Velcan Energy will be at the SmallCap Event held at the *Salons France-Amériques* venue in Paris on 27 and 28 April 2006. This two-day event addresses an exclusive business audience of European institutional investors and small and mid-sized companies listed on the Euronext Paris stock market.

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 Energy India Pvt Ltd)
Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

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Velcan Energy is an ecological energy producer.
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