

Press release

São Paulo, 10th November 2009

Start of production Rodeio Bonito Hydro Power plant

As announced during the last Annual General Meeting, the Rodeio Bonito 15 MW Hydro Power plant has started operations in Q4 2009. The plant has been synchronized with the grid on October 9th. It has been operating now for a month without technical problems, hence this announcement. In the month of October it has produced 6 286 Mwh. The three main turbines totalling 14 MW have been successfully commissioned. The two small remaining ones totalling 0.6 MW should be commissioned at the end of November. The plant has not yet started its commercial operations and will receive very small amounts until a proper Power Purchase Agreement is signed. Given the quick recovery of the Brazilian economy, the management is confident that it should be able to sign a PPA with reasonably good rates in the next 6 months.

Jean-Luc Rivoire, Co-Managing Director, declares *“Although this is not a surprise, this is very positive news for Velcan Energy. We are 6 months late compared to the initial schedule. But four and half years only after incorporation of Velcan Energy and three and half years after arrival in Brazil we have completed the development of the project, changed the design, obtained the various authorisations and finished the construction of our first hydro electric power plant. Once electricity prices pick up this should provide a significant source of internal funding for the company. From a cash drain, Rodeio Bonito should now become a cash contributor, significantly changing the overall financial position of Velcan Energy.”*

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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
- As of November 2009, Velcan Energy
 - Operates 2 biomass power plants in India
 - Has commissioned its first hydro power plant in Brazil (15 MW)
 - Owns the rights to more than 435 MW of concessions and projects in India and Brazil (Group share).
- 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.

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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