

8 December 2016

Active Energy Group plc (“Active Energy”, “AEG” or the “Company”)

Update Regarding CoalSwitch Initiative with Métis Settlements of Alberta

The board of Active Energy, the London quoted international renewable energy, forestry management and timber processing business, has been informed that the Alberta government has written to the Métis Settlements of Peavine, Paddle Prairie and East Prairie and that these Settlement partners have received such communication, confirming that the approach taken by the previous Progressive Conservative Association of Alberta Government has changed significantly.

The board believes the Government’s engagement with the Métis Settlements represents progress following a period of significant and positive political changes in Alberta since the election of the New Democrat Party (“NDP”) Government in May 2015.

This is welcome news and the board considers that the CoalSwitch, coal reduction initiative being developed by the Metis Settlements of Paddle Prairie, Peavine and East Prairie, in collaboration with Active Energy Group Plc will now progress as initially planned, with no further Government actions regarding possible breaches of the Metis Settlements Act by AEG’s three Metis partners.

Furthermore, it seems there is willingness on the part of the NDP Government of Rachel Notley, in Alberta, to support economic development for the benefit of Indigenous People in the province and coal reduction in power generation.

AEG believes that developing CoalSwitch production, using waste and low quality forestry residues, sawmill waste and hog fuel to replace significant volumes of coal currently burned to generate electricity, in Alberta, Canada and internationally can benefit the Company’s commercial partners, customers and all Albertans.

Further announcements will be made in due course.

Richard Spinks, Chief Executive Officer of Active Energy said: “I believe that this is a clear signal of intent to progress this landmark environmental initiative and demonstrates the spirit of co-operation between the Government of Alberta and the Métis peoples in Alberta in seeking ways to improve the environmental credentials of the Province. Our goal is to unlock the strategic value of Alberta’s under-valued and under-utilised forestry assets, whilst supporting the Province in its transition away from coal as a fuel in power generation, through Active Energy’s commercialisation initiative. The current Alberta Government has demonstrated a commitment to cutting carbon emissions, together with a responsible attitude to support economic development within indigenous settlements. I know that we all look forward to making meaningful progress towards

the commercialisation of the CoalSwitch technology in Alberta and to creating meaningful environmental and economic benefits for all of the Indigenous peoples in Canada”.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

****ENDS****

Enquiries & Further Information

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About Active Energy Group

Active Energy Group Plc (“Active Energy” or “AEG”) is an AIM quoted company operating internationally across the entire timber supply chain – from forest to factory and fuel.

Active Energy’s vertically-integrated business units provide timberland development services for forestry owners, industrial wood fibre for MDF manufacturers, and second-generation biomass coal replacement fuels for industrial power generators.

Active Energy has three divisions:

- **AEG TimberLands:** Forestry Asset Management and Development

- **AEG WoodFibre:** Industrial Wood Fibre for Medium-Density Fibreboard (MDF) Manufacturing
- **AEG CoalSwitch:** Advanced Biomass Coal Replacement Fuels and Fuel Processing Systems

Active Energy's relationships with forestry owners through its AEG TimberLands operation allows the Company to maximise the value of its standing timber assets, converting low-grade material – primarily non-saw logs/technical lumber and forestry thinnings – into industrial wood fibre for MDF manufacturing via Active Energy's AEG WoodFibre division. This vertically integrated model also provides feedstock for the Company's AEG CoalSwitch joint venture, which generates green energy power generation from biomass.