

22 May 2017

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

Agreement in Principle for Timber Licence & Forestry Management Agreement in the Province of Newfoundland and Labrador

Active Energy, the London quoted international renewable energy, forestry management and timber processing business, is pleased to announce that it has entered into an agreement in principle with the Province of Newfoundland and Labrador (the “Province”), Canada, that if finalised will provide Active Energy and its affiliate, Timberlands International plc (“Timberlands”), with a Crown timber licence and forest management agreement relating to two Forest Management Districts covering 1.2 million hectares. In addition, both parties are evaluating a number of other collaborative opportunities for both Timberlands and Advanced Biomass Solutions plc, another affiliate company of AEG, involving timber processing and the commercialisation of the CoalSwitch product, the world’s first ‘drop in’ biomass fuel that can completely replace coal in existing coal fired power stations without the need for expensive retrofitting.

Overview:

- Crown timber licence and proposed 20-year forestry management agreement (the “Agreement”) to harvest and utilise up to 140,000 solid cubic metres of wood annually from the Forestry Management Districts 17 and 18 within the Province;
- The two forestry management districts have a total land area of 1,211,000 hectares on the Northern Peninsula of the Province, proximate to ocean port facilities, with direct access for shipping routes to Europe;
- The Agreement will facilitate the management and assessment of multiple commercial possibilities for the forests including commercial logging, saw log merchandising, chipping and the production of biomass products utilising forestry waste;
- Timberlands is developing relationships with existing companies engaged in forestry operations and saw milling activities, on the Northern Peninsula and surrounding areas, to cooperate with them on further timber related operations and fibre exchanges;
- The Province and AEG envisage that the introduction of a broader based commercial model will contribute to revitalising the local economy; and
- The Agreement is in line with Active Energy’s strategy to commercialise timberland operations through its newly incorporated affiliate, Timberlands.

Richard Spinks, Chief Executive Officer of Active Energy said, “The proposed agreement with the Province of Newfoundland and Labrador represents an important step in the overall strategy for Timberlands in achieving a new and significant partnership in Canada. The Province of Newfoundland and Labrador has been clear in its commitment to the safeguarding and improvement

of the regional economy whilst continuing to protect the existing environmental landscape. Through the Province’s association with our group of companies, I am confident that we can deliver material benefits for all stakeholders by unlocking the value of under-utilised forestry assets, through supporting and enhancing the Province’s environmental and sustainability criteria, whilst developing commercial benefits in an environmentally friendly fashion. Through our experience and knowledge, we apply modern international-standard forestry practises, supplemented by additional revenue streams, including the utilisation of waste products for the CoalSwitch biomass fuel. We believe this Agreement can provide significant benefits to all parties and I look forward to providing AEG’s shareholders with further updates as we finalise the Agreement in the coming weeks.”

Additional Information

AEG, through its affiliate company Timberlands, is focused on the sustainable management and utilisation of under-developed and under-valued forestry assets. As part of the agreement, it aims to introduce international forestry and environmental standards of sustainable forestry management, to improve the value and yield of the forests included in the agreements. This will be achieved through the implementation of more efficient logging practises and technologies and the use of merchantable timber and through market optimisation. Additionally, the Board has the advantage of having a wide knowledge of additional commercialisation strategies including chipping and the production of biomass fuel. This includes the CoalSwitch product, which importantly utilises primarily forestry waste, bark, sawdust and thinnings, and therefore significantly increases the economic returns of the forests.

AEG recently incorporated Timberlands and has provided initial funding since its establishment. AEG has pre-emption rights relating to further issues of equity, equity linked capital or debt. AEG may use its rights to maintain its interest in Timberland unless it chooses to accept dilution as a result of future developments.

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 (AIM: AEG.L) is a London Stock Exchange-listed international renewable energy business based upon forestry assets. Its model is focussed on capturing the entire forestry value chain through sourcing, utilising and commercialising assets, and setting a new standard in the sustainable management and optimisation of timber resources. The Company is led by a highly technical and commercial team with the experience to execute its defined growth strategy and build its visibility, primarily as a London-listed timber opportunity with a revolutionary biomass fuel technology. It has two affiliate companies formed being:

- **Advanced Biomass Solutions Plc**, which is commercialising a revolutionary biomass coal replacement fuel, CoalSwitch and;
- **Timberland International Plc**, a sustainable international forestry management business.