4 June 2013

Active Energy Group plc
("AEG" or the "Company")

Proposed acquisition of Nikofeso Holdings Limited, Subscription to raise £3.07 million and conversion of 2013 Unsecured Subordinated Loan

The Company announces that it has, today, entered into a conditional agreement to acquire the entire issued share capital of Nikofeso Holdings, a Cypriot-registered trading and holding company with its principal subsidiary company, Nikwood, which specialises in exporting high quality wood chip for Biomass power generation and MDF manufacturing in Ukraine, for a total consideration of £3.75 million. Further terms of the acquisition are set out below.

The Company further announces that, in connection with the proposed Acquisition, it has conditionally raised a total of £3.07 million (gross) pursuant to the Subscription for 165,780,000 Ordinary Shares and £1 million nominal of Convertible Loan Notes, in order to provide working capital for the Enlarged Group and to pay for the costs associated with the Acquisition and Admission.

The Nikofeso Group is the largest Ukrainian supplier of wood chip for the production of Turkish MDF and with the support of AEG aims to become the leading Ukraine and Balkan states supplier not only for current MDF applications but also for the provision of feedstock to the European biomass power generation sector, having recently signed a sales contract with a new biomass power plant in southern Italy to supply wood chip as feedstock.

Acquisition rationale:

- Supplying European biomass plants from logistics hubs in Ukraine and the Balkans where there is good supply of high quality biomass is more efficient than being supplied from Latin and North America where the majority of European biomass is currently sourced
- AEG has the management expertise and access to funds to support Nikofeso's further expansion into the European biomass market
- Nikofeso has:
  - (i) a proven management track record in high volume wood chip supply via sea ports
  - (ii) access to long term sustainable feedstock resources from Ukraine's Agency for State Forestry Resources
  - (iii) high volume processing resources, situated in two deep water ports in Mykolaiv, Ukraine with shipping times across the Black sea of 24 to 30 hours compared to 15 to 20 days from South America and the west coast of North America
- In 2012, the Nikofeso Group traded approximately 39,000 metric tonnes of wood chip

Once completed, the Directors believe that, the proposed Acquisition will enhance AEG's earnings.

Further details of the proposed Acquisition and Subscription will be set out in a circular, which is expected to be posted to holders of Ordinary Shares today.

Richard Spinks, the Chief Executive Officer of AEG, said:

"This marks the start of the new Active Energy Group. I am confident that we have identified a very exciting and growing market around which to continue to build a significant business. AEG shareholders have had to be patient but having spent the last 10 months working alongside the Nikofeso Group team, the last six months of which in a joint funded partnership, operationally, I believe there is a great opportunity in front of the new Enlarged Group now.

The demand for wood chip/biomass is strong and expected to increase. We have the expertise and advantageous geographic locations to procure, process and ship quickly and efficiently and this will form a stable and profitable base upon which we can build."

Enquiries:

Active Energy Group plc
Richard Spinks, Chief Executive Officer — Tel: +380 675 802 852

Sanlam Securities UK (Nominated Adviser and Broker)
Simon Clements/Catherine Miles — Tel: +44 20 7628 2200

Novella Communications
Tim Robertson/Ben Heath — Tel: +44 20 3151 7008

Introduction
Further to the announcement by the Company on 9 January 2013, in which the Company stated that it had entered into a non-binding heads of terms, the Company today announces that it has:

(a) entered into a conditional agreement to acquire the entire issued share capital of Nikofeso Holdings, a Cypriot-registered trading and holding company with its principal subsidiary company, Nikwood, which operates in the biomass sector and is registered and located in Ukraine;

(b) conditionally raised £3.07 million in total pursuant to the Subscription for 165,780,000 new Ordinary Shares, including £1 million nominal of Convertible Loan Notes; and,

(c) conditionally agreed to convert the existing 2013 Unsecured Subordinated Loan (£318,750 as at 31 December 2012 (2011: £NIL) together with estimated interest) from Eastwood into new equity and warrants on the same terms as the Subscription; on the date of settlement this is anticipated to equate to the issue of approximately 27,733,333 million shares with associated warrant rights to subscribe for 9,244,444 million shares at an exercise price of 1.25p each.

The purpose of the Subscription and the issue of the Convertible Loan Notes is to provide working capital for the Enlarged Group and to pay for the costs associated with the Acquisition and Admission.

The consideration for the Acquisition will be satisfied by the issue to Windstar of the Initial Consideration Shares and the Initial Consideration Warrants on Admission and the issue of the Deferred Consideration Shares into escrow which will be released to Windstar in due course subject to the satisfaction of certain determined performance criteria. The Deferred Consideration Warrants will be issued to Windstar upon the issue of Deferred Consideration Shares out of escrow in accordance with the Acquisition Agreement. Further details of the terms and conditions of the Acquisition are set out below under the heading "Principal terms of the Acquisition".

The Company currently does not have the necessary authorities to issue the new Ordinary Shares and Warrants in relation to the Proposals and to allot such shares free of any pre-emption rights. Accordingly, the Subscription, the issue of the Convertible Loan Notes and the Acquisition are conditional, inter alia, on the passing of the Resolutions at the General Meeting and Admission. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Subscription Shares and the Consideration Shares will commence on AIM on 3 July 2013.

A circular is being sent to Shareholders today to convene the General Meeting to consider and, if thought fit, approve the Resolutions. The circular is available from the Company's registered office, 5th Floor, 15 Whitehall, London SW1A 2DD and to download from the Company's website www.active-energy-group.com.

Background to the Proposals
The Acquisition encompasses an established wood processing and distribution group which has operated in the Ukraine for over five years and currently has approximately 20 employees. It procures the supply of raw material wood in log form from the Ukrainian Agency for State Forestry Resources. These materials are delivered by rail to processing facilities strategically located in two ports in Mykolaiv, being a principal city located on the River Dnieper, some 40 miles upriver from the Black Sea.

These deep water ports provide access to ocean-going vessels and the facilities are well-positioned to allow for a substantial expansion from the current levels of trade performed by the Nikofeso Group as a provider of wood chip for both the manufacture of Medium Density Fibreboard ("MDF") and for biomass power plant feedstock.

The Nikofeso Group is already the largest Ukrainian supplier of wood chip for the production of Turkish MDF and currently services five major Turkish manufacturers of MDF, all with important expansion potential to the Group by virtue of the specific benefits to their manufacturing plants, which are conferred by the Nikofeso Group's ability to ship high-quality materials across the Black Sea in 24 to 30 hours in cargoes of around 4,000 to 8,000 MT. This compares to the 15 to 20 days of trans-oceanic shipping in large bulk carriers (of around 40,000 MT) from Brazil, Venezuela or the west coast of North America. Not only does wood chip from Ukraine deliver higher quality product but it does so in volumes and in time-frames that are consistent with the demands of high volume manufacturing businesses where cost, quality and inventory control are under constant pressure.

The Nikofeso Group has previously supplied processed wood chip at peak volumes of over 300,000 MT per annum. Over the past two years, volumes have been limited primarily due to the availability of adequate working capital, which constrained total shipping volumes in 2012 to around 39,000 MT. The Nikofeso Group's main operating base is located in Mykolaiv, with the two port locations lying within 12 miles of the offices.

The Nikofeso Group has also recently signed a sales contract with a new biomass power plant in southern Italy to supply wood chip as feedstock. There is potential to rapidly expand this revenue channel through better sourcing and pricing arrangements as the partnership with AEG will enable the Nikofeso Group to source and fund the increasing demand for feedstock as the power station builds to full operating capacity. This is an especially important part of the Acquisition rationale as there is a large number of biomass power plants coming on stream in the next two to three years in the EU, where a major issue for each of them is the sourcing of sustainable long-term supplies of raw material feedstock.

The Nikofeso Group traded approximately 39,000 MT of wood chip to Turkey in 2012 but had no power plant biomass feedstock revenues. In the course of a nearly six month operational, commercial, legal and financial due diligence exercise, AEG and the Nikofeso Group have worked closely together to validate the operational and financial viability of the proposed Enlarged Group.

In the period from late 2012, when Active Energy Ukraine Limited ("AEU"), AEG's wholly owned subsidiary, commenced working with Nikofeso Group, until the date of this announcement, Nikofeso Group has shipped a total of approximately 49,000 MT of wood chip to Turkish customers (40,000 MT of wood chip on which AEG has the benefit of a profit participation and a further 9,000 MT of wood chip for the sole account of Nikofeso Group). This total of 49,000 MT has been shipped in 11 cargoes, averaging around 4,500 MT per cargo and represents an annualised rate of wood chip of almost three times that achieved by the Nikofeso Group in 2012 operating on its own account. While historic payment terms have been strictly FOB (which ensures minimal credit risk both to the Nikofeso Group and also to AEG (whose financing has largely facilitated these much-increased shipping frequencies)), AEG intends to move terms of trade to a CIF basis as soon as possible post completion of the Acquisition. This transition can be facilitated by the application of incoming new capital arising from the Proposals.

The Directors believe that there is an opportunity in the Black Sea trade to ship in excess of 350,000 MT per annum by the end of 2015 with a concomitant opportunity to ship similar quanta of cargoes of power plant feedstock to European clients. Based upon the operational capacity of the Nikofeso Group, combined with the enhanced management structure which will be formally put in place following the Acquisition, management is confident that such opportunities can be exploited utilising the aggregate potential of both the new cash from the Subscription, the issue of the Convertible Loan Notes and other potential financing options open to the Enlarged Group.

The Acquisition will also bring to the Group a highly-experienced management team with a proven track-record of operating successfully within the Ukraine, the EU and other important former CIS territories.

The Acquisition will enhance and supplement AEG's existing forestry and associated exploitation rights in Western Ukraine and will result in the establishment of the Enlarged Group, not only as a fully integrated provider of wood chip, but, prospectively, as the pre-eminent operator in the Black Sea and Balkans, and positioned favourably to take the next steps to enter the power generation sector in Europe.

The relevance of Ukrainian forestry and biomass product to the EU and Middle East markets
With the constant struggle to find new ways to supply society with energy other than from diminishing hydrocarbon natural resources, wood-based biomass offers a viable solution. Unlike solar, wind and tidal power, biomass is reliable. Working with wood chip allows companies to plan and stock pile and, although the actual process of energy creation is by its incineration, the gases thus emitted are only those that were absorbed during the photosynthesis process, and so, unlike the usual fossil fuel sources of energy, biomass wood is a carbon-lean fuel.

Ukraine's political standing within Europe can be seen to be one of increasing stability, reliability and investment relevance. The Ukrainian government is advancing plans for further privatisation under a new programme set out for 2012 to 2014, where it hopes to reduce the State's share in the economy from 40 per cent. of GDP to 25 to 30 per cent., something that the proposed Acquisition seeks to capitalise upon for the benefit of shareholders.

Currently, the majority of wood chip used in Europe for biomass comes in bulk shipments originating over 6,000 miles away in Brazil, with equivalent size cargoes coming from both Venezuela and the west coast of North America. Ukraine has an advantageous geographical position with its important access to deep water Black Sea ports and proximity to resource-strategic Balkan and former CIS countries, which are able not only to provide new sources of feedstock, but are also territories that represent new revenue channels for the Group. Of particular significance to the Enlarged Group's future development, is the increasing number of new biomass power stations coming on-stream across Europe and the EU in the period 2013 to 2016. This underpins the increasing relevance of the Enlarged Group's Ukrainian resource base and ability to access neighbouring territories both as suppliers and customers. Black Sea access is key to the development of the Enlarged Group's business and is the major enabling factor in Ukraine's ability to quickly become a pre-eminent player in the biomass sector.

The benefits of the Ukraine as the hub of the Enlarged Group's operations include:

- excellent cross-border rail access into Poland, Belarus and Russia;
- deep sea access to the south opening up the entire Middle East market and with direct access to the Mediterranean and beyond;
- an ability to supply Europe and the Middle East with feedstock that has a low carbon footprint and that has been sea-borne for no more than a week in comparison to that which is shipped from South or North America;
- a resultant higher quality product (fresher);
- lower logistic costs per metric tonne than equivalent long-haul shipments; and
- lower financial exposure on smaller shipments for shorter periods; improved cash-flow for both supplier and customer.

The continued efforts of the Ukrainian government to align itself to EU standards of quality assurance, renewability and sustainability should provide reassurance to investors that Ukraine is a jurisdiction that is committed to internationally recognised standards of business ethics, transparency and corporate governance, features that are recognised as being essential to establishing a stable investment environment. The political will is evident in the policies being actively pursued, AEG and Nikofeso is becoming well-respected both as an operator and as a touchstone to the setting of key policies that are designed to facilitate inward investment and demonstrate commitment to EU-level quality standards.

While a sustained effort will be required to achieve these goals, the evidence is clear that, within the biomass sector, the commitment exists to establishing EU and International Forestry standards and this is strongly reflected in current government policy and action.

Ukraine's advantageous geographical positioning and abundance of available forestry, when coupled with management's reach into neighbouring territories to expand operations into pan-European markets, indicates that the Ukraine could become a market leader.

Information on AEG

AEG is an AIM quoted, UK registered, company which was admitted to trading on AIM in 1997 as an investing company under the name Buckland Investments plc. In August 2010, the Company changed its name to Active Energy Group plc and was operating as an eco-engineering consultant and supplier of voltage optimisation components. In November 2011 the Company acquired Bioenerho-Leader Limited ("Bioenerho") (now renamed AEU), a company established in October 2011 to provide biomass energy resources to industrial power facilities in Poland. Bioenerho's principal asset, was a 10 year contract with State Enterprise, Lyuboml Forestry, an administrator of the Lyuboml Forest, a state owned forest situated in Lyuboml, Ukraine, for the supply of up to 100,000 MT of timber per annum, or a total one million MT over the effective economic life of the contract.

In February 2012, the Company announced that it would cease trading in its two remaining legacy and loss-making UK businesses, Red Line Engineering Services Limited and Active Energy Limited, in order to concentrate on its biomass activities within AEU; consequently, all operations and activities associated with these companies ceased in the first half of 2012.

In May 2012, the Company announced the expansion of AEU's operational structure through the appointments of a local Managing Director and Financial Controller located in the Ukraine.

The Company appointed Richard Spinks to the Company's Board as CEO in July 2012 and in the same month announced that it had completed its first seaborne shipment of wood chip from Ukraine to Turkey with delivery to Siram SpA, a subsidiary of Dalkia International. The initial shipment of approximately 4,000 MT of wood chip from Mykolaiv Port was performed in conjunction with AEU's trading partners Ukrwoodexport and Nikwood, wholly-owned subsidiaries of Nikofeso Holdings.

Current trading and prospects for the Company

During the year ended 31 December 2012 AEG generated revenues of £230,710, which were mainly derived from the Group's activities in Ukraine, save for £10,560 of profit participation attributable to the parent company pursuant to financing arrangements entered in October 2012 with the Nikofeso Group.

In the current year, the Company has benefited from its profit participation on wood chip shipped to Turkey in association with the Nikofeso Group, to sufficient degree to cover all out-of-pocket operating costs of the Ukraine-based business of AEU. Combined with reduced operating cost levels in the parent company pending the development and completion of these Proposals, the Board is optimistic about the operating results for the half year.

The Company will be reporting more fully on the six months trading to 30 June 2013 in its interim report due to be published no later than 30 September 2013.

The 2012 full year financial statements for the Company were announced earlier today and Shareholders are encouraged to review these carefully.

Information on Nikofeso and Current Trading

Nikofeso Group's operations principally involve the processing of raw wood material into biomass wood chip using its own processing plants owned and operated in Ukraine. Nikofeso Group maintains full control of product distribution to customers in Turkey and the EU.

Historic financial results and current trading of Nikofeso and its operating subsidiaries

Current trading information is included in the section "Background to the Proposals" and reflects a greatly increased rate of goods shipped this year compared with 2012 when it sold 39,000 MT of wood chip generating revenues of approximately US$3.07 million. The volume of cargoes shipped to date already exceeds that total and the Enlarged Group is expected to be trading with improved margins following completion of the Acquisition.

The pro forma net assets of the Nikofeso Group as at 31 December 2012 amounted to US$139,000.

Principal terms of the Acquisition
Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Nikofeso Holdings from Windstar for a total consideration of £3.75 million. The consideration will be satisfied by (i) the issue of the Initial Consideration Shares and the Initial Consideration Warrants to Windstar on Admission and (ii) the issue of the Deferred Consideration Shares into escrow on Admission (to be issued to Windstar out of escrow subject to certain performance conditions being met in the period of five years from 1 January 2014).

The Initial Consideration Warrant will be exercisable at 3p per warrant share in the period of three years beginning on the first anniversary of the date of issue.

The Deferred Consideration Shares will be released to Windstar as follows:

(1) 31,250,000 Ordinary Shares upon the Enlarged Group achieving an adjusted EBITDA for the year ended 31 December 2014 in excess of $2.5 million and a further 31,250,000 Ordinary Shares will be issued (if the first target has already been achieved) upon the Enlarged Group achieving an adjusted EBITDA for the year ended 31 December 2015 in excess of $5 million; or

(2) 62,500,000 Ordinary Shares upon the Enlarged Group achieving an aggregate adjusted EBITDA in excess of $7.5 million across any three consecutive years prior to 31 December 2018.

Upon the issuance of the Deferred Consideration Shares, one Deferred Consideration Warrant will be issued to Windstar for each five Deferred Consideration Shares so issued. The Deferred Consideration Warrants will be exercisable at 3p per Warrant Share in the period of three years beginning on the first anniversary of the date of issue.

Pursuant to the Acquisition Agreement, Windstar will on completion of the Acquisition enter into orderly market agreements pursuant to which it will not dispose of any interest in the Consideration Shares or in the Ordinary Shares issued pursuant to the exercise of any Consideration Warrants held by them or their associates for a period of one year from the issuance of the relevant Ordinary Shares, other than through SSUK (or the Company's broker at that time), save in certain limited circumstances.

During the period between the date of the execution of the Acquisition Agreement and Completion, Windstar have undertaken to operate the business of NIK in the normal manner of such business. The Acquisition Agreement contains certain warranties (subject to certain limitations of liability) and indemnities given by Windstar in favour of the Company.

Windstar has undertaken (on its own behalf and on behalf of its associates) not to compete with the business of the Enlarged Group for a period of two years following Completion.

On Completion, Matteo Girlanda will assume the position of Chief Operating Officer of AEG.

Completion of the Acquisition is conditional, *inter alia*, on the passing of the Resolutions and Admission becoming effective by not later than 31 July 2013 and on certain other conditions being satisfied by Windstar prior to such date. Subject to the conditions being satisfied, completion is expected to take place upon Admission.

Board Changes

Following Completion it is proposed that Matteo Girlanda will be appointed to the Board as Chief Operating Officer. The remainder of the Board will remain unchanged.

Matteo Girlanda (*Proposed Chief Operating Officer*), aged 38, was born in Milan, Italy. He graduated in 1999 from the University of Verona with a BSc in Economics and Management.

From 2000 to 2002 he worked as a management consultant, latterly setting up his own steel and wood trading company. In 2005, Mr Girlanda expanded operations into the export of wood chip, building his business, culminating in the incorporation of the fully integrated Nikofeso Group in 2010. Nikofeso Group has grown to become the dominant exporter of wood chip from Ukraine for the production of MDF alongside the initiation of a new revenue channel selling wood chip as biomass for power generation.

His experience embraces wood trading, processing, transport and shipping logistics. He has also amassed considerable knowledge of forest management, renewability and sustainability quality standards as well as acquiring a broad technical understanding of both the MDF manufacturing sector and the European energy/biomass market.

His trading experience is pan-European, handling volumes of up to 50,000 MT per month of log and wood chip for distribution variously into Turkey, Greece Italy and Austria.

Through Nikofeso Group he controls two port facilities in Mykolaiv and a railway facility on the Polish border, facilities that are pivotal to the planned business expansion of the Enlarged Group.

Reasons for the Subscription and use of proceeds

The net proceeds of the Subscription and the issue of the Convertible Loan Notes receivable by the Company will be approximately £2.77 million which will be used to finance the costs associated with the Acquisition and for working capital purposes generally for the Enlarged Group.

Details of the Subscription

The Company and SSUK have conditionally procured subscribers for a total of 165,780,000 Subscription Shares at the Subscription Price and for the Subscription Warrants to raise £2.07 million and for £1 million nominal of Convertible Loan Notes to raise a further £1 million, in aggregate, for the benefit of the Company. The Subscription is not underwritten. The Subscription and the issue of the Convertible Loan Notes are conditional, *inter alia*, upon completion of the Acquisition, Admission and the Subscription becoming unconditional.

The Subscription Shares will, in aggregate, represent approximately 29.82 per cent. of the Enlarged Issued Share Capital. The Subscription Shares will, on Admission, rank equally in all respects with the Existing Ordinary Shares. The Subscription Warrants will not be admitted to trading on any market but will be freely transferable. The Convertible Loan Notes will be allotted and issued immediately prior to Admission.

It is expected that Admission will become effective and dealings in the Subscription Shares will commence on 3 July 2013.

Shareholder's and Directors' participation in the Subscription

Gravendonck Private Foundation, which is connected to Eastwood (a substantial Shareholder of the Company), has agreed to subscribe for 133,500,000 Subscription Shares and 44,500,000 Subscription Warrants. Following Admission, Eastwood and Gravendonck Private Foundation (as a party connected to Eastwood) will be beneficially interested in an aggregate total of 201,483,333 Ordinary Shares, equivalent to 36.25 per cent. of the Enlarged Issued Share Capital of the Company.

Due to the fact that Gravendonck Private Foundation is a party connected to Eastwood (a substantial Shareholder in the Company), its participation in the Subscription is a related party transaction as defined by the AIM Rules, due to the size of Eastwood's current shareholding. The Directors, other than Richard Spinks who is currently considered to be a representative of Eastwood, having consulted with SSUK, the Company's Nominated Adviser, consider that Gravendonck Private Foundation's (as a party connected to Eastwood) participation in the Subscription is fair and reasonable insofar as Shareholders are concerned.

The Directors have indicated their interest in also subscribing for new Ordinary Shares and intend to subscribe for an aggregate of £133,000 worth of new Ordinary Shares following Admission, at the Subscription Price. This would be effected by the capitalisation of certain fees owed to them by the Company. A further announcement will be released when this subscription occurs.

The Code

Although the Company has its registered office in the UK, the place of central management and control of the Company is currently located in the Ukraine and hence outside of the UK, the Channel Islands and the Isle of Man. Accordingly, the Panel has confirmed that the Company is not currently subject to the Code and AEG's shareholders will not be afforded any protections under the Code. The Panel announced on 15 May 2013 certain amendments to the Code that will take effect on 30 September 2013. When these amendments become effective on 30 September 2013 the Company will become subject to the Code. These amendments may or may not affect the Company in the months preceding the date of implementation.

If circumstances change prior to 30 September 2013, including if further changes to the Board are made, the Company will consult with the Panel to ascertain whether this will affect the central management and control of the Company. If the Panel determines that, as a result of such changes, the place of central management and control of the Company is located in the UK, the Channel Islands or the Isle of Man such that the Code then becomes applicable to the Company, an announcement will be made.

As AEG is not currently a company subject to the Code, investors should be aware that Shareholders (including Eastwood and Gravendonck Private Foundation (as a party connected to Eastwood) and any associated parties) are currently able to increase their interests in voting rights in AEG to 30 per cent. or more or to move between 30 and 50 per cent. without having to make a mandatory offer under the Code.

New employee share incentive plans ("the Plans")

The Directors and the Proposed Director believe it is important that Directors and employees of the Company are appropriately and properly incentivised. To this end, shareholders are asked to approve the establishment of two new employee share-based incentive plans:

- the Active Energy Group plc Share Option Plan ("the Option Plan"); and
- the Active Energy Group plc Joint Share Ownership Plan ("the JSOP").

Under the Option Plan, selected employees (including executive directors) may be invited to accept the grant of rights to subscribe for new Ordinary Shares normally exercisable only insofar as specified target levels of share price are achieved and sustained over a minimum period of 20 dealing days, and any other performance targets set by the Directors at the time of grant are met.

Under the JSOP, the Company may invite selected employees (including executive directors) to subscribe for new Ordinary Shares jointly with a trust established by the Company ("the Plan Trust") upon the terms of a joint ownership agreement ("JOA") under which the proceeds of sale of such jointly owned shares will be divided between, and paid to, the co-owners on the basis that the trust receives an amount equal to the initial market value of the jointly owned shares at the time of subscription (the "Threshold Amount") plus a specified rate of interest on that amount accruing over a maximum three year period ("the Carrying Cost"), and the participant receives the balance representing the growth in market value of the jointly owned shares above the Threshold Amount (less the Carrying Cost). The economic effect of such joint ownership is broadly similar to a traditional share option, except that the participant and the trust will, from the outset, acquire the beneficial interest in the jointly owned shares.

The principal terms of these plans are summarised in Part III of the circular.

Limit on the issue of new Ordinary Shares
There is a limit, of 15 per cent. of the issued share capital of the Company in issue from time to time following Admission, upon the number of Ordinary Shares which may be issued or for which rights to subscribe for new Ordinary Shares may be granted within a rolling 10 year period pursuant to the Plans.

Proposed grant of options and JSOP awards
It is intended that, conditional upon Admission, the Company will grant to certain of the Directors and staff options, and/or invite such individuals to enter into JOAs, to subscribe for a total of 67,500,000 new Ordinary Shares of which awards over 54,000,000 new Ordinary Shares will be awarded to Richard Spinks and Colin Hill as set out in the table below.

The Ordinary Shares in respect of which such options are granted or which are issued as jointly owned shares will become vested upon the attainment of pre-set target levels of sustained share price. Vested options will normally be exercisable up to 10 years after grant, and a participant may call upon the trustee of the Plan Trust to join in a sale of jointly owned shares which have become vested.

Director	Number of Ordinary Shares over which options granted and/or issued into joint ownership	Price per Share payable upon exercise/Threshold Amount of jointly owned shares	Target Share Price for normal vesting	Last date for exercise of share options
Richard Spinks	40,000,000	1.25p	3p	10 years from Admission
Colin Hill	14,000,000	1.25p	3p	None
	54,000,000			

General Meeting
A General Meeting has been convened for 11.00 a.m. on 27 June 2013.

- End -

Definitions

“2013 Unsecured Subordinated Loan”	convertible subordinated loan made by Eastwood to the Company pursuant to the agreement dated 27 September 2012 between (i) Eastwood and (ii) the Company
“Acquisition”	the proposed acquisition by the Company of Nikofeso Holdings pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 4 June 2013 between (1) the Company and (2) Windstar
“Admission”	the admission of the Subscription Shares and the Consideration Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as published by London Stock Exchange from time to time
“CIF”	Cost, Insurance and Freight
“Code” or **“Takeover Code”**	the City Code on Takeovers and Mergers
“Company” or “AEG”	Active Energy Group plc, a public limited company registered in England and Wales under registration number 3148295
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“Consideration”	the Consideration Shares and the Consideration Warrants
“Consideration Shares”	the Initial Consideration Shares and the Deferred Consideration Shares
“Consideration Warrants”	the 25,000,000 warrants to subscribe for Ordinary Shares at 3p per Ordinary Share to be issued by the Company pursuant to the Acquisition which can be exercised during the period of three years beginning on the first anniversary of the date of issue of the Warrants
“Convertible Loan Notes” or “Notes”	the £1,000,000 9% convertible loan notes 2016
“Convertible Loan Note Warrants”	the warrants to subscribe for 19,047,619 Ordinary Shares at the subscription price of 1.75 pence per Ordinary Share payable on exercise of the warrants (which can be exercised at any time up to the third anniversary of Admission) and to be issued by the Company to holders of the Convertible Loan Notes

"Deferred Consideration Shares"	the 62,500,000 Ordinary Shares to be issued on Admission but held in escrow in accordance with the Acquisition Agreement, for subsequent issue (in whole or part) to the Vendors (subject to the conditions for issue being met under the Acquisition Agreement)
"Deferred Consideration Warrants"	up to 12,500,000 Consideration Warrants to be issued to Windstar upon the issue of Deferred Consideration Shares to Windstar out of escrow pursuant to the Acquisition Agreement
"Directors" or "Board"	the directors of the Company
"Eastwood"	Eastwood S.A.
"EBITDA"	earnings before interest, taxation, depreciation and amortisation
"Enlarged Group"	the Group as enlarged by the Acquisition
"Enlarged Issued Share Capital"	the issued ordinary share capital of the Company immediately following Admission, being 555,865,570 Ordinary Shares
"Existing Ordinary Shares"	the 237,352,237 existing Ordinary Shares
"FOB"	Free On Board
"General Meeting"	the general meeting of the Company convened for 11.00 a.m. (or, if later, immediately following the annual general meeting of the Company) on 27 June 2013
"Group"	the Company and its subsidiary undertakings
"Initial Consideration Shares"	the 62,500,000 Ordinary Shares to be issued on Admission pursuant to the Acquisition Agreement
"Initial Consideration Warrants"	the 12,500,000 Consideration Warrant to be issued to Windstar on Completion
"JSOP"	the existing AEG Joint Share Ownership Plan
"London Stock Exchange"	London Stock Exchange plc
"MT"	metric tonnes
"Nikofeso Group"	Nikofeso Holdings and its subsidiary undertakings, Nikwood
"Nikofeso Holdings" or "NHL"	Nikofeso Holdings Limited, a holding company subsidiary of Windstar Investments S.A., registered in Cyprus under number 12273953U
"Notice"	the notice convening the General Meeting
"Nikwood" or "NIK"	Nikwood Company LLC, a trading subsidiary of Nikofeso Holdings Limited, registered in Ukraine under number 37386230
"Ordinary Shares"	ordinary shares of 1 penny each in the capital of the Company

"Option Plan"	the existing AEG Option Plan
"Panel"	the Panel on Takeovers and Mergers
"Plans"	the proposed new Option Plan and the proposed new JSOP
"Proposals"	the Acquisition and the Subscription
"Proposed Director"	Matteo Girlanda
"Resolutions"	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice
"SSUK"	Sanlam Securities UK Limited, which is authorised and regulated by the Financial Conduct Authority and is the Company's nominated adviser and broker
"Subscribers"	the subscribers for new Ordinary Shares pursuant to the Subscription and certain staff who are capitalising certain fees owed to them
"Subscription"	the conditional subscription for the Subscription Shares and the Subscription Warrants at the Subscription Price, pursuant to the subscription by the Subscribers
"Subscription Price"	1.25p per Subscription Share
"Subscription Shares"	the 165,780,000 new Ordinary Shares which have been conditionally placed to Subscribers
"Subscription Warrants"	the 54,766,666 warrants to subscribe for Ordinary Shares at 1.25p per Ordinary Share to be issued by the Company pursuant to the Subscription, which can be exercised at any time up to the third anniversary of Admission, the 9,244,444 warrants to subscribe for Ordinary Shares at 1.25p per Ordinary Share to be issued by the Company pursuant to the conversion of the 2013 Unsecured Subordinated Loan and the Convertible Loan Note Warrants
"Shareholders"	holders of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Ukrwoodexport"	Ukrwoodexport LLC, a trading subsidiary of Nikofeso Holdings Limited
"Vendors"	those persons being the existing shareholders of Windstar, namely, Alexander Onopko and Matteo Girlanda
"Warrants"	the Subscription Warrants and the Consideration Warrants
"Windstar"	Windstar Investments S.A., a company registered in the Republic of Panama under number 721881