

Active Energy Group Plc
(“Active Energy Group” or the “Group” or the “Company” or “AEG”)

**Completion of Forestry Sampling Programme
and Commencement of Marketing of Permits
for Initial 108,147 Hectares**

On 18 July 2014, Active Energy Group Plc (AIM: AEG.L), the London Stock Exchange AIM-listed international supplier of Biomass for Energy (BFE) fuel products, industrial wood chip, and forestry management and development services announced that it had entered into an important new joint venture to exclusively commercialise mature forestry assets in Alberta, Western Canada.

AEG’s joint venture partners are three indigenous aboriginal Canadian groups: the Alberta Métis Settlements of Peavine, Paddle Prairie and East Prairie, owners of the forestry assets, and Grand Chief Ronald M. Derrickson of British Columbia.

KAQUO Forestry & Natural Resources Development Corporation (“KAQUO”), a joint venture company in which the Group has a 45% equity interest, was formed to commercialise the forestry assets as agent on behalf of the Métis Settlements. In addition, the shareholders of KAQUO appointed Richard Spinks, CEO of Active Energy Group, as President of KAQUO.

Today, AEG is pleased to announce the completion of the forestry sampling programme and the commencement of marketing of the first round of permits.

Over the last two months AEG has, alongside independent experts Renewable Logistics Systems Inc. of Wilmington, NC, completed a forestry sampling programme on behalf of KAQUO. The Group now estimates that the forestry which KAQUO has the right to commercialise amounts to in excess of 250,000 hectares, 108,147 hectares of which it has identified as being the most commercially attractive.

The hectareage is well served by existing road and rail infrastructure, and it is intended that it will be the first area of forestry over which permits will be marketed.

Samples were taken from over 150 plots within the 108,147 hectares. Data collection was achieved through timber cruising, a procedure that estimates the inventory by plot. A series of random plots were established, each representing one observation in a series of observations that were subsequently analysed with inference statistics tools to estimate the desired metrics. Both fixed radius and variable radius plot areas were employed in determining the area sampled.

Key Findings:

- The total land bank area sampled was 108,147 hectares
- Average overall density of timber in the area sampled was 322.16 m³/hectare
- No signs of timber diseases or beetle infestation
- Total estimated merchantable softwood timber was 12.0 million m³
- Total estimated merchantable hardwood timber was 22.8 million m³
- Total estimated merchantable timber was 34.8 million m³

Following completion of the forestry sampling programme and confirmation of the quality of the timber, KAQUO has commenced the marketing of the permits for the 108,147 hectares. Such permits will be granted following satisfaction of all applicable legal and regulatory processes.

As a pre-requisite to any permit being granted, investors will be required to satisfy certain conditions, including implementation of, and adherence to, short- and long-term sustainable forestry stewardship practices to replenish stocks for the future. In addition, issuance of Permits will require a commitment to local employment and community welfare, as well as abiding by all applicable Métis Settlements and Alberta provincial environmental and forestry regulations.

On behalf of KAQUO, AEG will shortly be conducting a roadshow to prospective investors in Asia, the Middle East and USA to market either a single permit for the entire area of 108,147 hectares, or several permits covering in excess of 27,000 hectares each.

Commenting on today's statement, Richard Spinks, CEO of Active Energy Group and President of KAQUO, said, *"Our initial estimates turned out to be on the conservative side, and I am pleased that today we are able to confirm that we have 34.8 million m³ of merchantable timber on the first area that we will be marketing on the upcoming roadshow.*

The sampling that we have just completed has shown that the forestry assets contain good quality timber, slightly weighted towards hardwood, with access to rail and road infrastructure. This combination has already proven to be attractive, a fact reflected in the good level of investor interest in obtaining permits from KAQUO.

The permits are expected to be granted for an upfront fee, and KAQUO will then look to work closely with investors to support their commercial activities, potentially providing local labour and expertise. Longer term, there may also be opportunities for KAQUO to act as a primary off-taker for surplus timber as part of possible plans to develop a Biomass power station on Métis land in Alberta.

The income generated from the granting of the permits in this first round is expected to fund the establishment of future commercial opportunities for KAQUO with its Métis partners in Alberta, and create significant value for the Métis Settlements, KAQUO, and therefore for Active Energy Group."

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About Active Energy Group:

- Company website: www.active-energy.com
- Active Energy Group Plc, a London Stock Exchange AIM-listed company (AIM: AEG.L), is an international supplier of Biomass for Energy (BFE) wood chip for green energy power generation, industrial wood chip for MDF manufacturing, Biomass fuel granules and granulating systems, and forestry/timberland development and management services.
- The Group, headquartered in London, operates from five locations:
 - Ukraine, where it is the largest producer and exporter of MDF-quality wood chip
 - Spain and Montenegro, from where it supplies BFE Biomass wood chip to European power plants
 - The United Kingdom, where it operates an R&D facility for its new Biomass fuel granulating systems
 - Canada, where it has entered into a landmark forestry joint venture – *KAQUO Forestry & Natural Resources Development Corporation* - with three indigenous Métis Settlements to commercialise in excess of 250,000 hectares of forestry/timberland assets
- The Group is led by a highly experienced and dedicated management team with a proven track record of working in the industries and regions from which its revenues are generated.
- In June 2013, AEG acquired its major trading partner and raised approximately £3.5 million to facilitate future growth and expansion of its international production and shipping facilities.
- In May 2014, the Group announced the formation of a new subsidiary, AEG Pelleting Limited, to commercialise and market a revolutionary new Biomass for Energy (BFE) fuel granulating process that converts sawdust and other industrial and agricultural co-products into valuable fuel granules for use in large-scale power plants and micro-CHP boilers.
- European Biomass for Energy (BFE) Market:
 - Biomass-fuelled power is expected to account for over 50% of European renewable energy, according to an EU directive on National Renewable Energy Action Plans.
 - EU directives and continued commissioning of new Biomass and CHP power plants in Europe continue to generate additional demand for Biomass fuel, with little visibility on where that fuel will be sourced.
 - The European Renewable Energy Council (EREC) estimates that Biomass-based energy production will grow from 43TWh (Terawatt Hours) in 2005 to 250TWh in 2020.
 - Key NGO bodies such as the European Biomass Association and Eurelectric (the European Union of the Electricity Industry) advocate establishing harmonised, binding sustainability criteria for solid Biomass fuel.
- Turkish MDF Market:
 - Turkey is the leading producer of MDF in Europe, producing an estimated 4.3 million m³ in 2012 in six plants around the country.
 - AEG has developed relationships with all of the major Turkish MDF manufacturers.
 - Currently, circa 69% of the wood chip imported into Turkey comes from across the Atlantic; all of it for production of wood-based panels, primarily MDF.
 - By contrast, wood chip from AEG's port-side production facilities in Ukraine can be transported across the Black Sea in approximately one-tenth of the shipping time from the U.S., Canada and Latin America, which provides manufacturers with substantial cost savings and cashflow advantages, as well as considerably fresher and higher-quality product.