

11 December 2019

Active Energy Group Plc
(‘Active Energy’, ‘AEG’ or the ‘Company’)
Update on JV Lumber Activities at Lumberton

Active Energy, the London quoted international biomass based renewable energy business, announces an update regarding lumber related activities through its joint venture company Renewable Energy Systems LLC (“RES”) at its large-scale, integrated forest-to-energy, commercial hub in Lumberton, USA (“Lumberton” or the “Lumberton Site”).

Overview

- RES has commenced commercial operations and made deliveries to customers from Lumberton;
- One sawmill is now operational on site and is generating revenues from a single shift per day operation:
 - Initial production consists of the manufacture of rail ties, the creation of wood chip and the manufacture of board - each product line already has its own customers;
- Planning work to scale-up sawmill operations in early 2020 has been completed, including increasing the volume of production by implementing a double shift operation;
- AEG’s joint venture partner Renewable Logistics Systems LLC (“RLS”) is completing the installation of a saw logging operation at Lumberton and will commence activities during H1 2020 and is currently negotiating on behalf of RES, orders with international customers;
- The Lumberton Site is already receiving additional wood residues for future testing as feedstock for CoalSwitch™ or other black pellet fuel products;
- Sawdust and waste wood are being stockpiled ready for use in the planned 5 tonne per hour (“tph”) CoalSwitch™ reference plant, which will be constructed following receipt of certain air and environmental permits;
- Rental payments from RLS and third parties including Tencata Protective Fabrics are also contributing to Lumberton’s financial performance; and
- Lumberton’s current financial performance is giving the Board increasing confidence with regards to the site’s future profitability.

Active Energy CEO, Michael Rowan, said, *“We are delighted that lumber related activities including the sawmill and wood processing operations have commenced; these are already generating revenues for AEG. These activities complement the business activities relating to our CoalSwitch™ and biomass operations, including accessing feedstock for CoalSwitch™ from wood residues and waste materials and accessing future customers of CoalSwitch™ and black pellet fuels for AEG. We expect these lumber operations to scale up during H1 2020, bringing online more operational capability, including operating a double shift each day; I look forward to providing further updates regarding the expected economic benefits to AEG in due course.”*

Details

In addition to facilitating the commercial rollout of CoalSwitch™ and new second generation biomass pellets, the Company is advancing complementary lumber related activities at its 151-acre freehold Lumberton Site. Located in the heart of North America's lumber production region, Lumberton has established facilities and is ideally positioned to export routes for both biomass and lumber products to Europe and South East Asia. AEG plans to turn the Lumberton Site into a commercial hub, integrating forest to energy activities in one location.

To this end, AEG's lumber activities have commenced through its joint venture company RES, details of which were first announced on 24 July 2019. RES now has one sawmill in operation on a single shift per day basis enabling it to deliver various products to three customers; this division is already generating revenues. Production consists of the manufacture of rail ties, the creation of wood chip and the manufacture of board; each product line already has its own customers sourced by both AEG and RLS. RES plans to scale up its lumber operations during 2020 and this will include increasing to a double shift operation per day early in 2020.

In addition, the sawdust and waste wood from this operation is being stockpiled for use in AEG's 5 tph CoalSwitch™ second generation biomass reference plant at Lumberton, which the Company expects to commission in H1 2020 once certain air and environmental permits have been obtained.

Finally, RLS is completing the installation of a saw logging operation at Lumberton to further complement the other lumber activities. This is due to commence operations during H1 2020, with sales to international customers expected during this period. These sales will provide an additional revenue stream for AEG during 2020.



Figure 1: Timber Inventory at the Lumberton Site



Figure 2: Daily timber deliveries at the Lumberton Site

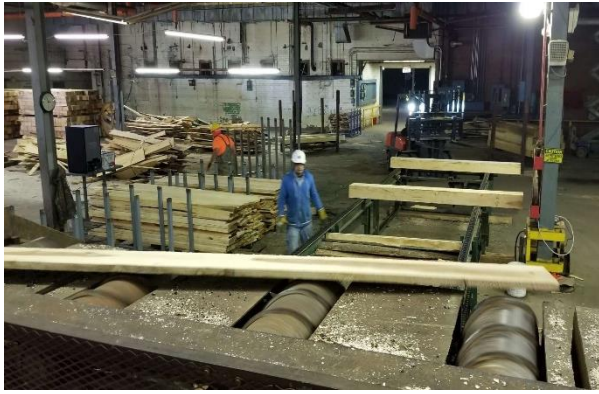


Figure 3: Operating sawmill at Lumberton



Figure 4: Finished product being loaded for customer deliveries from Lumberton

All figures were sourced from Company photographs.

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

ENDS

Enquiries & Further Information:

Website	LinkedIn	
www.aegplc.com	www.linkedin.com/company/activeenergy	

Enquiries		
Active Energy Group Plc	Michael Rowan Chief Executive Officer (Active Energy) Antonio Esposito Chief Operations Officer (Active Energy)	
SP Angel Corporate Finance LLP <i>Nominated Adviser and Broker</i>	David Hignell / Caroline Rowe	Office: +44 (0)20 3470 0470
St Brides Partners <i>Financial PR Adviser</i>	Isabel de Salis / Priit Piip	info@stbridespartners.co.uk Office: +44 (0) 20 7236 1177

About Active Energy Group:

Active Energy Group plc is a London listed (AIM: AEG) renewable energy company that has developed a proprietary technology, which transforms low-cost and waste biomass material into high-value green fuels. Its patented product CoalSwitch™ is one of the world's leading drop-in biomass fuels that can be mixed at any ratio with coal or other waste products. The Company's immediate strategic focus is the production and commercialisation of CoalSwitch™, through either the development of proprietary facilities such as Lumberton, North Carolina or through licensing with strategic partners.