

4th June 2019

Active Energy Group Plc ('Active Energy', 'AEG' or the 'Company')
Progress Update on Biomass Fuel Operations at Lumberton Site in the U.S.

Active Energy, the London quoted renewable energy and forestry management company focussed on biomass, is pleased to announce a progress update regarding the next stage of development at its industrial site in Lumberton, Robeson County, North Carolina ('Lumberton' or 'the Project'). Lumberton is being developed to be the Company's first permanent production facility for CoalSwitch™, its proprietary technology that transforms low-cost biomass material into high-value green fuels, and serve as the primary base for all its biomass fuel operations in the U.S.

Highlights

- Rapid progress advancing construction of new CoalSwitch™ operation at Lumberton, U.S.
 - Reactors and all ancillary equipment scheduled to commence arriving in Lumberton later this week after being removed from the Utah site
 - Construction of the 5 tonne per hour plant to commence with engineering crews arriving within the month
 - Ancillary construction activities to commence to build weighbridges and other infrastructure items for the handling of biomass and CoalSwitch™
- Test reactor operational - testing programme for prospective clients underway with the first results already being completed
- Five-year contract signed for the supply of up to 800,000 tonnes per annum of feedstock to Lumberton

Michael Rowan, Active Energy Chief Executive said, "We are delighted to have entered into the final stages of transporting and installing all the removed equipment from the Utah Site to the Lumberton Site, which will soon be operational. The Company is now making significant commercial progress and, with the first goal of a new long-term feedstock contract signed, we are excited about moving toward production at Lumberton. Having already re-constructed the test plant for biomass testing, our focus is now on completing the installation of the initial five tonne per hour CoalSwitch™ plant, so that we can start delivering our first commercial product to market and drive near term revenue generative opportunities.

"Lumberton provides AEG with a strategic base in the heart of the timber production region in North America and provides an ideal foundation for our onward expansion as the site benefits from proximity to multiple power stations as well as the U.S. Eastern Seaboard, ensuring AEG is connected to established export routes for sales of CoalSwitch™ domestically and internationally.

"Our next steps are to develop an integrated Forest-to-Energy supply chain capable of producing up to 500,000 tonnes of CoalSwitch™ per year, with the longer term plan being that Lumberton will serve as the working precedent for providing scalable production facilities for CoalSwitch™ and other biomass products that can be replicated at other sites in the US and Canada.

“We look forward to providing further updates as development accelerates at Lumberton in the coming weeks.”



Figure 1: Test Reactor being disassembled from Utah facility



Figure 2: Test Reactor being uploaded on to vehicle

Full Details

Lumberton is strategically located close to AEG's joint venture partner Georgia Renewable Power LLC ("GRP") and is also in the heart of the lumber production region in North America. The fully permitted facility includes up to 415,000 sq ft of covered factory space, circa 151 acres of surrounding land, as well as ancillary facilities, such as water treatment, an analysis lab, offices and IT hardware. Lumberton is also located close to the Eastern Seaboard of the United States, which the Directors believe will be advantageous for the Company as it seeks to generate regular sales of its products to Western Europe and South East Asia.

In order to fast-track Lumberton to commercialisation, the Company has decommissioned its U.S. plant in Utah, which served as AEG's first CoalSwitch™ test plant and is currently trucking the remaining equipment to Lumberton. The trucks with the reactors left Utah on the morning of 3 June 2019 and are due to arrive at the end of this week, with ancillary kit arriving the following week. The engineering crews will arrive at Lumberton within the next two weeks when it is anticipated that construction will start. Further ancillary construction activities are expected to commence at Lumberton in the next month to build weighbridges and other infrastructure for handling biomass. Importantly, the test reactor is operational and a testing programme for various prospective clients has commenced, with the first test results being completed.

Additionally, the Company has signed a five-year contract for up to 800,000 tonnes per annum of feedstock; the new partner will be named once first deliveries commence to the working plant.

The Directors believe that the size of Lumberton will ensure significant scope for the expansion of the initial CoalSwitch™ plant via the addition of extra CoalSwitch™ production facilities targeting capacity of up to 500,000 tonnes per annum during 2021. Furthermore, the Directors expect that AEG will benefit from complementary biomass, saw logging and other commercial revenue opportunities in the Lumberton area.

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

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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 biomass material into high-value green fuels. Its patented product CoalSwitch™ is a drop-in biomass fuel that can be mixed at any ratio with coal or completely replace coal in existing coal-fired power stations without requiring plant modification.

Active Energy Group's immediate strategic focus is the production and commercialisation of CoalSwitch™ and other biomass where a low emission biomass-based fuel can be created as a blend with CoalSwitch™.