

21 September 2017

**Active Energy Group Plc ('Active Energy' or 'the Group')**  
**Agreement with Lumino Capital LLC for the Commercial Roll-Out of Revolutionary Biomass**  
**CoalSwitch™ Plants**

Active Energy, the London quoted international forestry management and biomass based renewable energy business, is pleased to announce that its affiliate company, Advanced Biomass Solutions Plc ('ABS') has entered into an agreement with California based Lumino Capital LLC ('Lumino') for the financing, development and operation of eight CoalSwitch™ Plants across South East Asia (the 'Agreement').

**Overview**

- Vertically integrated agreement to procure finance, develop and operate an initial eight CoalSwitch™ Plants located in Vietnam, the Philippines and other South East Asian countries
- Lumino will raise finance as well as source the supply of woody biomass feedstock and appropriate offtake agreements with potential customers and end-users throughout Asia
- Lumino is a subsidiary of global financial institution Solariant Capital LLC ('Solariant') and has a proven track record of developing, constructing, financing and generating utility-style renewable energy projects
- The plan is to develop, finance and construct CoalSwitch™ plants, each with production capacity of between 20 to 30-tonnes per hour
- Total production is estimated to be in the region of 1.5 million tonnes of CoalSwitch™ per annum from the initial eight plants
- Construction of the first CoalSwitch™ plants are targeted for H1 2018
- The Agreement represents the first commercial endorsement of CoalSwitch™ and the parties believe it will transform the use of this type of biomass in the energy sector
- The Agreement increases the profile of CoalSwitch™ as a unique, high-calorific value advanced biomass pellet suitable for use as a drop-in replacement for coal in coal-fired power stations

**Brian Evans-Jones, Active Energy and ABS Director said,** "We believe this is a transformational agreement for both Active Energy and ABS. Lumino is a fantastic partner with immense experience within the renewable energy sector. Together, we intend to create a vertically integrated model encompassing the key components needed for the successful commercial roll-out of CoalSwitch™. Lumino will utilise its network of finance providers, as well as source both woody biomass and long-term offtake agreements, whilst ABS will supply the technology and plant construction. The Agreement underpins the product's immense potential as a biomass fuel of the future and we look forward to building a partnership that will dramatically increase the global reach of CoalSwitch™."

**Daniel Kim, Lumino Managing Director, said,** "We believe that CoalSwitch™ is a game-changing biomass product that has the potential to transform the energy sector. We have been involved in the renewable energy sector for years, developing, constructing and financing renewable energy power plants and pellet mills across Asia. We see this Agreement as a terrific opportunity that works to our

strengths and leverages our position and contact base. I am looking forward to working with ABS and being a part of the forthcoming commercial roll-out of CoalSwitch™.”

### **Key terms of the Agreement**

Under the terms of the Agreement, which is non-exclusive, ABS and Lumino will cooperate with each other regarding the financing, development and operation of each CoalSwitch™ plant. Each plant will be housed in a new legal entity (the “New Legal Entities”) and capitalised primarily by equity investments and debt financing from Lumino and a consortium of financial institutions Lumino has been working closely with.

ABS will enter into a Construction Management and Services Agreement with each New Legal Entity and will be responsible for the construction and ongoing operations, the management and the maintenance of the CoalSwitch™ plants. Lumino will enter into a Management Services Agreement with each New Legal Entity, under which it shall provide sales, financial management and administrative services for each CoalSwitch™ plant.

Importantly, Lumino and its affiliates will also supply woody biomass feedstock that will be used in the plants and processed into CoalSwitch™. Lumino will also source long-term off-take agreements with entities in Japan and South Korea, including two biomass plants currently under development by its parent, Solariant.

### **About CoalSwitch™**

CoalSwitch™ is the world's first direct drop-in replacement biomass fuel with the ability to transform the coal energy dynamic. Its unique qualities allow the fuel to be directly mixed in any ratio or completely replace coal in existing unmodified coal-fired power stations, negating the need for expensive retrofitting or avoiding complete plant closure. Unlike almost all biomass based pellets, it does not have to use high-quality wood but can instead utilise low-cost waste material which translates into significant economic benefits. CoalSwitch™ has a unique solution to enable coal-fired power plants to continue operating at acceptable environmental standards. To facilitate the expansion, ABS is establishing operations in the Americas, Europe and Asia and has representation in those areas in terms of business development and technical support.

### **About Lumino and Solariant**

Lumino is a wholly owned subsidiary of Solariant Capital LLC and is mandated by institutional investors to source and structure alternative investment projects including infrastructure investments, aircraft assets and real estate investments globally. Lumino is actively developing and financing several renewable energy projects throughout Asia.

The Solariant Companies are comprised of multiple entities in the United States, Japan and South East Asia. Together they coordinate the development, construction, financing and operation of utility scale renewable energy projects. As a comprehensive renewable energy developer, they connect local partners, stakeholders and contractors with global investors to design and implement innovative green energy projects. Its projects not only provide exceptional investment opportunities but also

deliver environmental, social and economic benefits. Solariant's completed projects include a \$195 million photovoltaic ("PV") power plant with 41.3 MWp capacity and their current development and financing pipeline includes multiple utility scale PV and biomass power plant projects in Japan.

**\*\*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** ([www.abs-plc.com](http://www.abs-plc.com)), which is commercialising a revolutionary biomass coal replacement fuel, CoalSwitch™; and
- **Timberlands International Ltd**, a sustainable international forestry management business.