

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

Trading Update

The Company is pleased to announce that in the three months ended 30 September 2013 it shipped ~50,000 Metric Tonnes ("MT") of wood chip compared to ~57,000 MT shipped in the six months ended 30 June 2013 of which ~38,000 MT was subject to profit share arrangements with Nikofeso Holdings Limited ("Nikofeso"). The Acquisition of the whole of the issued share capital of Nikofeso was completed on 27 June 2013.

Prior to completion of the Acquisition the Company's fiscal entitlement was governed by a financing agreement between AEG and Nikofeso whereby AEG received a profit share per MT shipped. For this reason, the revenues reported in the Company's recently published Interim Financial Statements are not comparable to those attributable to the Company now acting as a trading principal.

The Q3-2013 shipments have generated gross revenues of ~US\$5.3 million for the account of the now enlarged Group.

The Shareholder Circular published by the Company prior to the Acquisition stated that the Board believes that, by end 2015, there is an opportunity of shipping up to 350,000MT per annum of woodchip on the Black Sea Trade with a similar quanta of cargoes of power plant feedstock shipped to European clients.

The entire volume shipped in Q3-2013 was for biomass feedstock to customers in Southern Europe. Shipments to our clients engaged in MDF manufacture in the Black Sea region are expected to resume in early Q4-2013 in parallel with continuing biomass shipments.

The recently published Interim Financial Statement provided shareholders with an updated evaluation of the scale of opportunity for both the Black Sea Trade and for the biomass market. Notwithstanding that the post-Acquisition period has been relatively short, the directors consider that the volumes achieved in the three months to 30 September 2013 reflect positively in the context of a clearly growing market opportunity. In the Interim Financial Statement the Company reported:

- The closing of an important long-term supply agreement with Biomasse Italia whose annual offtake is expected to be not less than 120,000 MT starting in January 2014
- A now fully-qualified assessment of the potential Black Sea trade which the Board now believes is in the range 250-600,000 MT per annum.
- Confirmed active negotiation with a second Italian power generator for the supply of 100-140,000 MT per annum of biomass with a further margin uplift opportunity over and above that arising from simple supply being evaluated by way of a tolling contract with the current owner of the plant.



Notwithstanding that the Company must clearly demonstrate its ability to meet the financial and logistical challenges of execution, the experience of the last three months has demonstrated that the scale of opportunity open to AEG in these main revenue channels is significant.

The main operational challenges faced by the Group in this period of expected rapid expansion are well-defined and are being actively addressed, and the Board remains confident that its business plan objectives for 2014 and beyond remain wholly achievable.

Active Energy is well-positioned to meet and exceed the expectations of our growing customer base whose focus lies in:

- Quality of product
- Availability of product on short lead times
- Reliability of supply
- Price competitiveness
- Seamless logistics and high service levels

With our principal centre of operations in Ukraine with its substantial forestry resources, naturally beneficial geographical position to service its key business partners and the recent acquisition of established wood processing and port facilities, the Board believes that AEG is optimally placed to deliver sustainable long term growth in shareholder value.

The Company expects to release its results for the year ended 31 December 2013 in March/April 2014

Enquiries:

Active Energy Group plc.

Richard Spinks, Chief Executive Officer

Tel: +380 675 802 852

Sanlam Securities UK (Nominated Adviser and Broker)

Simon Clements

Tel: +44 20 7628 2200

Novella Communications

Tim Robertson / Ben Heath

Tel: +44 20 3151 7008



About Active Energy:

- www.active-energy.com
- Active Energy Group, an AIM-listed company, is a pan-European supplier of high quality woodchip and associated timber products for green energy Biomass power generation and MDF manufacturing.
- The company is led by a highly experienced and dedicated management team with a proven track record of working in the regions in which its operations are based.
- In June 2013, Active Energy acquired Nikofeso Holdings Limited and raised approximately £3.5m in order to facilitate future growth
- Ukraine, with its large forestry reserves, and efficient distribution channels to our clients, makes it an ideal location to supply both European Biomass energy producers and MDF manufacturers.
- Bioenergy is expected to account for over half the EU renewable energy target according to sources such as the National Renewable Energy Action Plans.
- European Biomass Market:
 - EU directives are greatly accelerating demand for Biomass fuel - the European Renewable Energy Council (EREC) estimates that Biomass-based energy production will grow from 43TWh (Terawatt Hours) in 2005 to 250TWh in 2020, however there is little visibility from where the additional fuel required will be supplied to meet these targets.
 - Key NGO bodies such as the European Biomass Association and the European Association of Electricity Industry advocate establishing harmonised, binding sustainability criteria for solid Biomass.