

# ALPHA PROSPECTS PLC

("Alpha" or the "Company")

## Active Energy Update

### New Biomass for Energy Company Formed - AEG CoalSwitch

#### Joint Venture with Biomass Energy Enhancements LLC

Alpha Prospects Plc, the investment management company focussed on companies with fast growth and/or recovery prospects, is pleased to inform shareholders of an update issued by its investee company Active Energy Group Plc (AIM: AEG.L):

"Active Energy Group Plc, the London Stock Exchange AIM-quoted international supplier of wood fibre products for MDF manufacturing, global forestry and natural resources development services, and Biomass for Energy ("BFE") fuel solutions and processing systems, announces that it has entered into a joint venture agreement with Biomass Energy Enhancements LLC ("BEE") of Utah, USA, to exclusively commercialise a revolutionary new clean energy Biomass fuel manufacturing process.

The joint venture company, AEG CoalSwitch Limited ("AEG CoalSwitch"), in which Active Energy Group ("AEG") has been granted a majority 51% equity interest, will be incorporated in the United Kingdom, and will hold the global intellectual property rights (IP) for the fuel manufacturing process, for which sixteen 'greenfield' technology patent applications have already been filed. In return, AEG will assist in the commercialisation of AEG CoalSwitch and will contribute to its working capital funding prior to the company raising capital as described below.

The ground-breaking Biomass fuel processing system, which BEE ([www.bee.energy](http://www.bee.energy)) has been developing for the past seven years, possesses, in the Board's opinion, the potential to be a game-changer for the global power generation industry.

For the first time, it enables Biomass fuel to be utilised in traditional coal-fired power plants as a direct replacement for coal - as well as being mixed with coal in co-firing operations - without requiring plant owners or operators to invest in hugely expensive and time-consuming furnace, handling and storage modifications.

The environmentally-friendly process effectively cleanses the raw Biomass material by removing salts, minerals and other contaminants that harm the atmosphere and damage power plant furnaces; and converts it into valuable high-energy fuel feedstock, without the low and medium volatiles resident in other Biomass fuels, such as 'white pellets'.

Uniquely, the process can not only be utilised on any plant- or wood-based raw Biomass material, but also on previously unusable or economically unviable waste timber, such as that produced from AEG's forestry and wood chip processing activities; contaminated or redundant industrial residues, such as sawdust, demolition and construction materials; and even chemically-treated wood, such as railway sleepers (railroad ties).

The finished fuel, which can be delivered in a range of different compacted formats (pellets, granules, briquettes or bales), contains similar thermal and friability characteristics to coal, enabling it to immediately be used in existing coal-fired power stations without costly retro-fitting, reconstruction or output losses. Moreover, it can be handled and processed at power stations utilising the same equipment currently used to handle and prepare coal.

Together, these factors have the potential to save power plant owners and operators the huge capital investment that they would otherwise have to commit to upgrading their facilities to burn existing - and inferior - Biomass fuel products.

The new fuel processing system, which has been optimised for industrial-scale production by Munro & Associates Inc., the world-renowned Michigan-based engineering and manufacturing consultancy ([www.leadesign.com](http://www.leadesign.com)), possesses several key advantages over existing Biomass fuel pelleting solutions. They include high volume throughput, lower production costs, and - crucially - greatly reduced storage, handling and distribution costs, as the final fuel is water-resistant.

The AEG CoalSwitch team has already commenced negotiations with leading investment funds to raise the capital required to roll out its 'build-own-operate-toll' business model, under which the company intends to construct a network of advanced de-mountable fuel manufacturing facilities close to large-scale Biomass raw material sources, including forests, sawmills and agricultural/industrial waste sites.

A core element of AEG CoalSwitch's innovative business strategy will be the ability to disassemble, transport and reassemble the manufacturing facilities at different locations when a raw material feedstock source is exhausted or an alternative more productive source is identified.

AEG CoalSwitch intends to partner with coal-fired power station owners and operators across the globe - several of whom have already shown great interest in the concept - to enable them to reduce their usage of highly-polluting coal and speedily and cost-effectively comply with ever-growing public pressure, as well as increasingly stringent governmental requirements, to 'go green'.

Aside from its considerable standalone market potential, this new Biomass for Energy joint venture is intended to complement and strengthen AEG's existing business activities.

The Group's well-established Wood Fibre for MDF Manufacturing division is planning to increase operating margins by converting the large volumes of waste timber from its processing operations into valuable fuel feedstock; and the valuation of the timberland assets within its Forestry and Natural Resources joint venture with the Métis Settlements of Alberta is, in the Board's opinion, likely to be significantly enhanced by enabling the forestry thinnings and low-grade lumber - previously only suitable for processing into low-value pulp - to be used as high-value fuel for power generation.

Chas Fritz, CEO of Biomass Energy Enhancements and CEO of AEG CoalSwitch, commented:

"Our primary goal at BEE was to make the unusable usable. According to the US Department of Energy ("DOE"), over 93 million tonnes of forestry residues are left to rot each year in the United States alone - the global figure is vastly higher. And that doesn't include waste timber from sawmills, construction sites and other industrial uses such as redundant railroad ties.

"Our unique Biomass fuel processing system speedily and efficiently converts all of that material into compacted fuel that can immediately be used in power stations as a direct 'Drop-In' replacement for coal to generate clean energy.

"We recognised that we needed a strong partner with the vision and resources to take the system to market, and we believe that Active Energy Group has the infrastructure, industry connections and international network to work with us to successfully implement a worldwide launch."

Richard Spinks, CEO of Active Energy Group, added:

"By utilising our sustainable clean energy Biomass fuel, coal-fired power generators across the globe can choose to 'go green' - improving air quality and contributing to arresting climate change - faster than was previously possible, without investing huge sums in upgrading and converting their power plants; enabling them to avoid the other option... being forced to close.

"This represents a revolution for the industry and for the environment, and the timing is perfect - just weeks after President Obama's landmark speech setting stringent emissions reductions targets on US energy producers and piling the pressure on them to 'Clean Up or Shut Down'; and just days after the owners of the Eggborough coal-fired power plant in Yorkshire announced that they would be closing the 2,000 MW facility in March 2016 - with the loss of 250 local jobs and 4% of the UK's electricity generation capacity - due to the lack of government funding required to convert it from coal to traditional Biomass fuel operation.

"AEG CoalSwitch is aiming to have a market-ready product - a system capable of producing high volumes of clean energy 'coal switch' Biomass fuel - by mid-2016. We have a great deal to do, but I'm confident that combining BEE's outstanding technology and expertise with Munro's world-leading engineering capabilities and AEG's international network and industry experience will herald the start of a new dawn in sustainable Biomass-fuelled power generation."

Company website: [www.active-energy.com](http://www.active-energy.com)

14<sup>th</sup> September 2015

Enquiries:

Alpha Prospects PLC  
Christopher Foster  
+44 (0) 7525 688 741

Lothbury Financial Services  
Michael Padley  
+44 20 3290 0707

Editors' Note

About Alpha Prospects

The Company's strategy is to make investments in companies with fast growth and/or recovery prospects. Typically the companies in which Alpha Prospects will invest are in the small and micro-cap sector and the Company's interest in its investments is proactive. Currently Alpha has 9 investments.

The Directors are responsible for the contents of this announcement.

Ends