TRANSFORMING WASTE
BIOMASS MATERIAL
INTO NEXT GENERATION
BIOMASS FUELS
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• Active Energy produces a superior biomass pellet:
  • in terms of heating values;
  • improved its ability to co-fire with coal at existing power facilities; and
  • improved environmental credentials

• Active Energy focuses on utilizing low value waste residuals as the core feedstock for CoalSwitch®

• Huge market opportunity in various industries to utilize Active Energy’s CoalSwitch® to meet current and future environmental regulations without capital expenditure at current plants

• Active Energy is working on all options to increase production levels in North America either through both large scale to smaller scale joint venture projects
CoalSwitch® has numerous competitive advantages

- **It is a better pellet. Period.**
  - Higher heating value than current white pellet production
  - Proven hydrophobic qualities
  - Handles and burns much like coal only cleaner

- **Exclusive use of low value waste feedstock**
  - Boosts lifecycle analysis values, reduces negative perception/reputation
  - CoalSwitch® pellet fuel meets established sustainability standards
  - Used low-value waste residuals in first production

- **Extensive Testing Program shows consistent burn test results**
  - CoalSwitch® has been tested for its proprietary qualities as a biomass fuel and for its co-firing performance with coal.
  - Prospective customers own testing confirms reduced emissions levels.
• **Proven production process for next generation pellets**
  - Reference plant constructed and operated in 2021

• **Successfully produced test volumes and delivered to customers**
  - In 2021 and through 2022 fuel delivered to program partners and future customers in US and internationally.

• **Production technology patents awarded**
  - First round patents already obtained in US & Canada, and South-East Asia

• **A revised plant with new reactors for increased production is now in the final stages of development and construction by our engineering partner, Player Design, Inc.**
AEG only utilizes forestry and lumbermill residuals – already proven in Maine

Forestry economics support sustainable sourcing
- Cutting down trees purely for biomass is not economic nor sustainable
- Commercial forest management is well regulated and controlled

Sawlogs are the primary economic driver for commercial forestry
- We utilize their residuals, reducing waste and driving additional revenues

Biomass generation should use all low-grade residuals
- Forest sourced thinnings, branches, tops and other low-grade wood
- Sawdust and chips from wood processing plants

Branches and tops
- Low grade wood
- Low-value residual
- Used in biomass

Small dimension
- Low grade wood
- Low-value residual
- Used in biomass

Large dimension
- Utilisation of sawdust and all low value wood waste from wood processing

Sustainability - the vital component in future biomass production
Program Development since 2021

2021
- Reference plant construction
- CoalSwitch® production & deliveries to prospective customers

2022
- Redesign and expansion of production facility
- CoalSwitch® delivered to independent laboratories

2023
- Plant construction
- Full scale CoalSwitch® production

PLANT CONSTRUCTION

FUEL DELIVERY

TESTING PROGRAM
with Universities and Industry Partners

STEP Program Partners:
- BYU
- Chalmers University of Technology
- The University of Utah
- Rocky Mountain Power
- pdi

STEP program - co-firing with coal

Engineering Partner

BYU: Test Furnace - Source: AEG

Corporate Presentation | January 2023
Our Market Opportunity
Global Businesses Setting Decarbonization Goals

- Companies are facing regulations to reduce or eliminate CO₂ emissions from operations
  - US EPA regulates CO₂ emissions across many sectors
  - IRA has introduced emissions reductions circa 40%

- Companies are voluntarily choosing to reduce or eliminate CO₂ emissions from operations
  - 20% of the world’s 2000 largest companies have NET ZERO declarations

- Many of these hard-to-decarbonize industries turn to costly (and unproven) carbon capture technologies and/or costly carbon offsets
  - Value of carbon offsets doubled between 2019 - 2020
The US still uses LOTS of Coal

- Coal will remain a key component of fuel supply in near/medium term
- Heavy industry/power generators under pressure to reduce emissions
- Tough decisions ahead between shut down Vs expensive Capex to introduce cleaner technologies
- Estimates show 7% of capacity scheduled to close by 2025*

*Source: Reuters

TRENDS:

U.S. coal consumption by major end users, 1950-2021


Note: Coke plants are industrial coking coal plants; other industrial includes all other, non-coking coal industry use.
**CoalSwitch® immediate drop-in replacement fuel**

- AEG has established an active program to co-fire test coal and **CoalSwitch®**
- **CoalSwitch®** can be co-fired with immediate environmental and emissions benefits - *Proven*
- **CoalSwitch®** can be handled in power generation facilities with limited to zero cap ex required for reconfiguration
- **CoalSwitch®** provides opportunity to extend life of current coal plants and meet increasing and immediate environmental regulations.

<table>
<thead>
<tr>
<th>PERFORMANCE IMPACT OF CO-FIRING (75% COAL / 25% <strong>COALSWITCH®</strong>)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calorific Value:</strong> (BTU/lb)</td>
</tr>
<tr>
<td>Only a 7% drop from normal heating values</td>
</tr>
<tr>
<td><strong>ASH CONTENT %:</strong></td>
</tr>
<tr>
<td>Significant reduction of ash deposits - up to 77%</td>
</tr>
<tr>
<td><strong>Grindability – use on bowl mill facilities</strong></td>
</tr>
<tr>
<td>FULLY TESTED</td>
</tr>
<tr>
<td>No degradation in bowl mill performance - lower energy consumption use</td>
</tr>
<tr>
<td><strong>SOx / NOx Emissions</strong></td>
</tr>
<tr>
<td>DRASTIC REDUCTIONS in both Sulfur Dioxide and Nitrogen Oxide emissions</td>
</tr>
<tr>
<td><strong>Emissions</strong></td>
</tr>
<tr>
<td>Improvement in emissions values</td>
</tr>
</tbody>
</table>

*Source: AEG test data 2021/2022*

* Utah Bituminous Coal
Multiple industries seeking a biomass solution

- AEG is in active sales discussions with companies (both large & SME) in each of these sectors.
- Established process to deliver smaller quantities at outset, testing in a facility and then leading to long term supply contracts.
- Focused on future customers both internationally and establishing use in North America.
- Targeting customers and industries with a corporate commitment for ESG.
- Identifying customers that would benefit from seamless change from white pellets to black pellets.

How are we marketing CoalSwitch®?

INDUSTRIALS
- Pulp & Paper
- Cement
- Power Generation
- Steel

CONSUMERS & SMALL BUSINESSES
- Retail Sales
Our Approach
Ashland: First commercial CoalSwitch® production plant

Key partners in Maine:

First production volumes scheduled for Q1 2023
AEG is focused on achieving all environmental credentials

• **FSC® Chain of Custody (CoC) and Controlled Wood certifications - May 2022**
  
  - Confirms production of CoalSwitch® will use forest-based materials from responsible sources and that the Company’s suppliers have committed to the strictest standards currently governing forest management.
  
  - Is the basic market prerequisite to permit biomass products to be sold into all of Active Energy’s target markets.
  
  - FSC® certification will support customers’ corporate Environmental, Social and Governance (ESG) agendas.

• **Independent LifeCycle Analysis - July 2022**
  
  - Shows CoalSwitch® reduces overall (lifecycle) emissions:
    - significant reduction in emissions compared to coal and;
    - significant reduction in emissions compared to natural gas

These two criteria already completed for future CoalSwitch® production in Maine
Immediate focus on small-scale plant production

- AEG is focused on speed to market to scale up production levels
- AEG will focus on proprietary plants, with an initial optimum size of 100,000 tons per annum
- In addition, focus is on small scale CoalSwitch® production facilities which will encourage:
  - Local production partners
  - Clusters of plants to benefit specific local opportunities
  - Simplify & reduce logistics costs
- Joint Venture can provide immediate benefits:
  - Accelerating production using existing sites & waste materials from these sites
  - Reducing Capex to establish CoalSwitch® production
  - Reducing on-going logistics costs

Providing long term licence and partnership revenues to AEG
Ashland presents the first commercial production centre for CoalSwitch®

- Breathes life into rural areas previously reliant on the lumber, pulp and paper industries
- New England, Pacific Northwest and Gulf Coast are regions of prime interest for future AEG expansion plans

Feedstock Regions, $60/ton, product density > 50 tons/square mile

Source: US Department of Energy March 2022
Pricing and feedstock supplies remain key issues for winter 2022/23

Pricing and feedstock supplies remain key issues for winter 2022/23

Pricing factors for CoalSwitch®

• **CoalSwitch®** should have a premium to current pellet pricing

• Pricing strengths for **CoalSwitch®**
  - More GJ per tonne
  - Less ash deposition in co-firing
  - Higher bulk density
  - lower transportation costs per tonne
  - Emissions benefits in co-firing

**Industrial wood pellet spot prices at a glance as at Nov 2022**

- fob southwest Canada $413.10/t
- fob southeast US $414.40/t

**Industrial wood pellet index – Price activity in 2022**

- fob Baltic (€/t, LH)
- fob Portugal (€/t, LH)

**Pricing and feedstock supplies remain key issues for winter 2022/23**
100% Owned 100,000 ton per annum Plant Capex

<table>
<thead>
<tr>
<th>Investment Requirement</th>
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<tbody>
<tr>
<td>Permiting, Design &amp; Engineering</td>
<td>$3,250</td>
</tr>
<tr>
<td>Equipment Cost incl. Dryer &amp; Reactors</td>
<td>$21,250</td>
</tr>
<tr>
<td>Contingency</td>
<td>$3,500</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$28,000</strong></td>
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</table>

* ROI expected within 5 years

Typical Plant Development Cycle
Construction and commissioning of Plants expected to average 15-18 months

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Engineering / Design</th>
<th>Construction</th>
<th>Commissioning &amp; Production</th>
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<tbody>
<tr>
<td>Qtr1</td>
<td>30%</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>Qtr2</td>
<td>25%</td>
<td>30%</td>
<td>25%</td>
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<tr>
<td>Qtr3</td>
<td>20%</td>
<td>25%</td>
<td>20%</td>
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<tr>
<td>Qtr4</td>
<td>15%</td>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>Qtr5</td>
<td>10%</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Qtr6</td>
<td>5%</td>
<td>20%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Fully Operational 100% Owned Plant *

- Average ROCE 29%
- *Assumed sale price of $300p/t

JV Economic Benefits

1. Speed to building operating plant
   - Use of existing sites and waste materials
   - Use of JV partners existing relationships for permitting

2. Feedstock availability and pricing

3. Reduced Capex reflecting site availability

4. Reduced logistics costs

5. Long term license revenue stream for AEG

Improved ROCE to 33%
Based in North America, AEG has a global opportunity

Huge opportunity to utilize Active Energy’s CoalSwitch® to meet future energy needs

- By 2025 – at least 3 production centers in USA for delivery in North America & Internationally
- Establish CoalSwitch® as the successful ‘black pellet’ alternative to existing biomass customers
- Establish the production technology to produce industrial volumes either proprietary or under license

Sourcing of forestry

Future production hubs

Prospective customers as at Nov 2022