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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee, except that such documentation should not be sent into any jurisdiction where to do so may constitute a violation of local securities laws or regulations.

**This document does not constitute an offer to purchase, acquire or subscribe for, or the solicitation of an offer to purchase, acquire or subscribe for Placing Shares nor is it an invitation to purchase, acquire or subscribe for Placing Shares.**

**This document does not constitute a prospectus within the meaning of section 85 of FSMA or an admission document for the purposes of the AIM Rules for Companies, has not been drawn up in accordance with the Prospectus Rules and has not been reviewed or approved by or filed with the Financial Conduct Authority of the United Kingdom, the London Stock Exchange or any other authority or regulatory body. This document does not constitute an offer of transferable securities to the public within the meaning of FSMA or otherwise and has not been approved for the purposes of section 21 of FSMA.**

The Directors, whose names appear on page 8 of this document, and the Company, the registered office of which is set out on page 8 of this document, accept responsibility, collectively and individually, for the information contained in this document, including compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors (having taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

**Application will be made for the New Ordinary Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The Ordinary Shares are not traded on any other market or exchange, and save for the application for admission of the New Ordinary Shares to AIM, no such applications have been made or will be made.**

**It is expected that First Admission will become effective and dealings in the New Ordinary Shares are expected to commence on or around 15 December 2021. The New Ordinary Shares, when issued and fully paid, will rank pari passu in all respects with the Ordinary Shares, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. Subject to, *inter alia*, the passing of the Resolutions at the General Meeting, it is expected that Second Admission will become effective at 8.00 a.m. on or around 30 December 2021.**

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## ACTIVE ENERGY GROUP PLC

*(Incorporated in England and Wales with registered no. 03148295)*

### FIRM PLACING OF 685,000,000 NEW ORDINARY SHARES

### CONDITIONAL PLACING OF 702,218,000 NEW ORDINARY SHARES

### CONDITIONAL SUBSCRIPTION FOR 375,940,001 NEW ORDINARY SHARES

### EACH AT 0.20 PENCE PER SHARE

### AND

### NOTICE OF GENERAL MEETING

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**You are recommended to read the whole of this document, but your attention is drawn, in particular, to the letter from the CEO of Active Energy Group Plc set out on pages 8 to 16 of this document. This letter explains the background to, and reasons for, the Fundraising and includes a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting as the Directors intend to do, or to procure to be done, in respect of their own beneficial holdings of Existing Ordinary Shares.**

Allenby Capital Limited ("**Allenby Capital**") is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the Placing (whether or not a recipient of this document), and is acting exclusively for the Company as nominated advisor, financial adviser and joint broker for the purpose of the AIM Rules for Companies. Allenby Capital will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing or the contents of this document.

Panmure Gordon (UK) Limited ("**Panmure Gordon**") is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the Placing (whether or not a recipient of this document), and is acting exclusively for the Company as joint broker for the purpose of the AIM Rules for Companies. Panmure Gordon will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing or the contents of this document.

Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Allenby Capital or Panmure Gordon as to the contents of this document. No liability whatsoever is accepted by Allenby Capital or Panmure Gordon for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information from this document for which they are not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States ("**US**") or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) ("**US Person**") or to any national, resident or citizen of Canada, Australia, South Africa or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia or Japan, nor may it be distributed directly or indirectly to any US Person or to any persons with addresses in Canada, Australia, South Africa or Japan (the "**Excluded Territories**"), or to any corporation, partnership or other entity created or organised under the laws thereof, or in any country outside England and Wales where such distribution may lead to a breach of any legal or regulatory requirement.

This document will be available free of charge on the Company's website. The information contained in this document has been prepared solely for the purposes of the Placing and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange), and accordingly no duty of care is accepted in relation to any such persons.

A Form of Proxy for use at the General Meeting is enclosed. To be valid, Forms of Proxy should be completed and signed in accordance with the instructions printed thereon and returned as soon as possible and, in any event, so as to be received by the Company's registrars, Share Registrars, by no later than 10.00 a.m. on 23 December 2021. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a Shareholder must be entered in the register of members in order to have the right to vote at the meeting is 10.00 a.m. on 23 December 2021.

**If you hold your Existing Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent (CREST ID: 7RA36) by no later than 10.00 a.m. on 23 December 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a business day)).**

## **NOTICE TO OVERSEAS SHAREHOLDERS**

The New Ordinary Shares have not been and will not be registered or qualified under the relevant laws of any state, province or territory of the Excluded Territories and may not be offered or sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into or within any of the Excluded Territories except pursuant to an applicable exemption from such Excluded Territory's registration or qualification requirements.

Subject to certain exceptions in compliance with the Securities Act and the rules promulgated thereunder or any applicable laws in the Excluded Territories, this document will not be published, released, or distributed, directly or indirectly; and must not be sent, in whole or in part: (i) in or into any Excluded Territory; (ii) to any person within the United States; or (iii) to any person in any jurisdiction where to do so might constitute a violation of local securities laws or regulation.

The New Ordinary Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly to or within the United States or to any US Person, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States.

**The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission (the SEC), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

No action has been taken by the Company, Allenby Capital or Panmure Gordon that would permit an offer of the New Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom. None of the Company, Allenby Capital, Panmure Gordon, or any of their respective affiliates, directors, officers, employees or advisers is making any representation to any offeree, purchaser or acquirer of New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer. This document does not constitute an offer to sell the New Ordinary Shares to any person in any jurisdiction. The Company reserves the right, in its sole and absolute discretion, to reject any subscription or purchase of the New Ordinary Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

## **FORWARD LOOKING STATEMENTS**

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Fundraising, the expected timing of the Fundraising and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the current expectations of Active Energy Group Plc and are subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are also a number of other factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, local and global political and economic conditions, interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

None of Active Energy Group Plc, Allenby Capital and Panmure Gordon nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules for Companies, the Disclosure and Transparency Rules of the Financial Conduct Authority and the City Code on Takeovers and Mergers), none of Active Energy Group Plc, Allenby Capital and Panmure Gordon is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2021 (except in the case of January, which is 2022)</i>
Publication and posting of the Circular and the Form of Proxy	10 December
Admission to trading on AIM of the New Ordinary Shares and settlement of the Firm Placing (First Admission)	8.00 a.m. on 15 December
Latest time and date for return of Form of Proxy or CREST proxy instructions for the General Meeting	10.00 a.m. on 23 December
General Meeting	10.00 a.m. on 29 December
Admission to trading on AIM of the New Ordinary Shares and settlement of the Conditional Placing (Second Admission)	8.00 a.m. on 30 December
Announcement of Result of General Meeting	4 January
Despatch of definitive share certificates for the New Ordinary Shares in certificated form (where applicable)	Within 14 days of Second Admission

Notes:

1. References in this document are to London, UK time unless otherwise stated.
2. The timing of the events in the above timetable and in this document is indicative only. If any of the above times and/or dates are adjusted by the Company, the revised times and/or dates will be notified to the London Stock Exchange by an announcement via an RIS and, where appropriate, to Shareholders.
3. The timetable assumes that there is no adjournment of the General Meeting. If there is an adjournment, all subsequent dates are likely to be later than those shown.
4. The timetable (with reference to the Conditional Placing) assumes that Resolutions 1 and 2 are approved by the Shareholders at the General Meeting.

## SHARE CAPITAL STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	3,902,051,744
Number of Placing Shares to be issued	1,387,218,000
Number of Subscription Shares to be issued	375,940,001
Total New Ordinary Shares to be issued	1,763,158,001
Enlarged Share Capital immediately following First Admission	4,587,051,744
Enlarged Share Capital following Second Admission	5,665,209,745
Issue Price	£0.002
Fundraising Shares as a percentage of the Enlarged Share Capital	31.1% per cent.
Gross cash proceeds of the Fundraising	£3.0 million
Estimated net cash proceeds of the Fundraising	£2.7 million

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context otherwise requires:

<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM Rules for Companies published by the London Stock Exchange, as amended
<b>Allenby Capital</b>	Allenby Capital Limited, the Company's nominated advisor pursuant to the AIM Rules, financial adviser and joint broker
<b>Announcement</b>	the announcement of the Proposal released by the Company on 9 December 2021
<b>Board or Directors</b>	the directors of the Company as at the date of this document, or any duly authorised committee thereof
<b>Certificated or certificated form</b>	means not in uncertificated form (that is, not in CREST)
<b>Circular</b>	this document
<b>Company or Active Energy</b>	Active Energy Group Plc, a company incorporated in England and Wales with registered number 03148295
<b>Conditional Placing</b>	placing of the Conditional Placing Shares and the Subscription Shares which are conditional upon the approval of the Shareholders at a General Meeting
<b>Conditional Placing Shares</b>	702,218,000 new ordinary shares, forming part of the New Ordinary Shares to be issued pursuant to the Conditional Placing
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator
<b>CREST Manual</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparts Service Manual, CREST Rules, Registrar Service Standards, Settlement Discipline Rules CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms) promulgated by Euroclear on 15 July 1996, (as amended) and published by Euroclear
<b>CREST member</b>	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (S12001/3755)
<b>CSW2Maine</b>	CSW2Maine, LLC, a North Carolina limited liability company with its registered office located at 575 Military Cutoff Road, Suite 106, Wilmington, North Carolina 28405
<b>Enlarged Share Capital</b>	the 5,665,209,745 Ordinary Shares in the capital of the Company in issue pursuant to the First Admission and the Second Admission, assuming 1,763,158,001 New Ordinary Shares are issued pursuant to the Fundraising
<b>Euroclear</b>	Euroclear UK and Ireland Limited (formerly named CrestCo Limited), the operator of CREST

<b>Existing Ordinary Share Capital</b>	the issued ordinary share capital of the Company at the date of this document
<b>Existing Ordinary Shares</b>	ordinary shares of £0.0001 each in the capital of the Company
<b>FCA</b>	the Financial Conduct Authority
<b>Firm Placing</b>	placing of the Firm Placing Shares which is not conditional upon the approval of the Shareholders at a General Meeting
<b>Firm Placing Shares</b>	685,000,000 new ordinary shares, forming part of the New Ordinary Shares to be issued pursuant to the Firm Placing
<b>First Admission</b>	admission of the Firm Placing Shares to trading on AIM
<b>Form of Proxy</b>	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Fundraising</b>	the Placing and the Subscription (and “Fundraise” shall be construed accordingly)
<b>General Meeting</b>	the general meeting of the Company convened for 10.00 a.m. on 29 December 2021 and any adjournment thereof, notice of which is set out at the end of this document
<b>Issue Price</b>	0.20 pence per New Ordinary Share
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>New Ordinary Shares</b>	1,763,158,001 new ordinary shares of £0.0001 each in the capital of the Company to be issued pursuant to the Fundraising
<b>Notice or Notice of Meeting</b>	the notice of General Meeting set out at the end of this document
<b>Ordinary Shares</b>	the ordinary shares in the company from time to time
<b>Panmure Gordon</b>	Panmure Gordon (UK) Limited, the Company’s joint broker
<b>Placees</b>	persons who have agreed to subscribe for Placing Shares under the Placing
<b>Placing</b>	the Firm Placing and the Conditional Placing by Allenby Capital and Panmure Gordon, as agents of and on behalf of the Company, of the Placing Shares at the Issue Price on the terms and subject to the conditions of the Placing Agreement
<b>Placing Agreement</b>	the agreement dated 9 December 2021 and made between the Company, Allenby Capital and Panmure Gordon, details of which are set out in this document
<b>Placing Shares</b>	1,387,218,000 New Ordinary Shares to be issued pursuant to the Placing
<b>Player Design</b>	Player Design Holdings Inc., a company incorporated and registered in Maine, United States with company number 263162848 and whose registered office is 29 Second Street, Ste 2 Presque Isle, ME, 04769 United States
<b>Player Holdings</b>	Player Holdings, LLC, a Maine limited liability company with its principal office located at 29 Second Street, #2, Presque Isle, Maine, 04769

<b>PDI Agreement</b>	the conversion and subscription agreement dated 29 November 2021 between Player Design, Tyler and the Company
<b>Proposal</b>	the Fundraising
<b>Registrars or Share Registrars</b>	Share Registrars Limited
<b>RIS</b>	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers as maintained by the FCA
<b>RNS</b>	regulatory new service provided by the London Stock Exchange, which is a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers as maintained by the FCA
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice of Meeting
<b>Second Admission</b>	admission of the Conditional Placing Shares and Subscription Shares to trading on AIM
<b>Shareholders</b>	holders of Ordinary Shares from time to time
<b>Subscription</b>	the subscription for 375,940,001 new ordinary shares, forming part of the New Ordinary Shares by Tyler in accordance with the terms of the PDI Agreement
<b>Subscription Agreement</b>	Membership Interest Purchase Agreement dated 29 November 2021, entered into between CSW2Maine, the Company and Player Holdings
<b>Subscription Shares</b>	the new ordinary shares issued pursuant to the Subscription
<b>Sterling, £, pence or p</b>	the lawful currency of the UK
<b>tph</b>	tonnes per hour
<b>Tyler</b>	Tyler Player, 100% shareholder and officer of Player Design
<b>Uncertificated or uncertificated form</b>	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

## LETTER FROM THE CHIEF EXECUTIVE OFFICER OF ACTIVE ENERGY GROUP PLC

*(Incorporated in England and Wales with registered no. 03148295)*

*Directors:*

Michael Rowan *(Chief Executive Officer)*  
Andrew Diamond *(Finance Director)*  
James Leahy *(Non-Executive Chairman)*  
Max Aitken *(Non-Executive Director)*  
Jason Zimmermann *(Non-Executive Director)*

*Registered Office:*

27/28 Eastcastle Street  
London  
W1W 8DH

10 December 2021

*Dear Shareholders, and for information purposes only, holders of options and warrants over Ordinary Shares,*

### **FIRM PLACING OF 685,000,000 NEW ORDINARY SHARES**

### **CONDITIONAL PLACING OF 702,218,000 NEW ORDINARY SHARES**

### **CONDITIONAL SUBSCRIPTION FOR 375,940,001 NEW ORDINARY SHARES**

### **EACH AT 0.20 PENCE PER SHARE**

### **AND**

### **NOTICE OF GENERAL MEETING**

#### **1. Introduction**

The Company announced yesterday that it had conditionally raised, in aggregate, £3.0 million (cash proceeds before expenses) by way of the Fundraising. The Fundraising will be conducted by way of a Firm Placing and a Conditional Placing. The Conditional Placing is conditional upon Shareholder approval. 685,000,000 new ordinary shares will be issued pursuant to the Firm Placing and 1,078,158,001 new ordinary shares will be issued pursuant to the Conditional Placing (made up of 702,218,000 Conditional Placing Shares and 375,940,001 Subscription Shares), all at the Issue Price of 0.20 pence per share.

The Issue Price represents a discount of 39 per cent. to the Company's closing mid-market share price on 8 December 2021, being the latest practical date prior to the Announcement. The New Ordinary Shares will represent, approximately 31.1 per cent. of the Company's issued ordinary share capital following Second Admission.

In addition, the Company has, on 29 November 2021, entered into the PDI Agreement with Player Design and its owner, Tyler. Under the terms of the PDI Agreement, the parties have agreed that: (i) Player Design will convert certain small amounts of indebtedness for shares in the Company; (ii) Player Design has agreed that part of its future engineering services for the forthcoming development of the Ashland Facility will be paid for via the issue of Placing Shares; and (iii) settlement is made in cash for the unwinding of the joint venture between the Company and Player design. The total amount of the conversion and Subscription by Player Design and Tyler Player is \$1 million.

The Conditional Placing is subject to the passing of Resolution 1 and Resolution 2 at the General Meeting. The purpose of this Circular is to provide Shareholders with further information on the



Fundraising and this letter explains why the Board believes the Proposal to be in the best interests of the Company and its Shareholders as a whole.

## 2. Background on the Company

### *Information on the Company*

The Company is a biomass based renewable energy business focused on using its proprietary technology to transform low-cost or waste biomass material into renewable biomass fuels, thus creating 'next generation' biomass products. The Company is not only focused on the future sales of next generation energy pellets globally but also on the development of its proprietary technology which can be developed commercially, either by means of licensing the technology or establishing alternate commercial partnerships with partners from the utility or forestry industries.

The Company's principal focus is on the production of biomass fuels using its existing proprietary CoalSwitch™ technology and developing new technologies using waste resources to produce energy pellets. CoalSwitch™ pellets have many advantages over traditional biomass pellets, including improved heat value, more environmental sourcing of waste feedstock and lower ash percentages compared with traditional pellets.

To support future biomass production, the Company has developed a feedstock supply network for the operations at its Ashland site in Maine in the US. The Company aims to use locally sourced waste timber resources as its primary feedstock sources for the production of its energy pellets, thus creating a fully integrated business model focussed on environmentally friendly solutions from feedstock source.

The Company may seek to offer additional services to its customers, including logistics services for delivery of biomass fuels and feedstock. The Company will also look to enable the sale and licencing of its proprietary technologies to forestry and industrial partners where appropriate, as well as developing other revenue streams from derivative product services.

### *CoalSwitch™*

The Company's key focus is the commercialisation of its proprietary product, CoalSwitch™, which can be co-fired with coal in existing coal-fired power stations without significant new capital expenditure.

The Board has identified a number of advantages of CoalSwitch™, including:

- CoalSwitch™ is a next generation energy pellet, with improved energy performance, much improved sourcing of feedstock improvements in terms of emissions;
- CoalSwitch™ can be used in existing coal-fired power stations without significant retrofitting of the power-station infrastructure;
- CoalSwitch™ utilises low value waste wood, forestry, pulp mill and saw mill by products;
- CoalSwitch™ can be economically pelletised, briquetted or balled, either alone or blended with coal without the use of costly chemical binders;
- CoalSwitch™ has hydrophobic qualities, which significantly improves transportation and removes the need for costly climate-controlled storage facilities, which white pellets currently require; and
- CoalSwitch™ increases energy density and bulk density of biomass to levels more comparable to coal, and as a result CoalSwitch™ can be readily co-fired with coal producing immediate economic and environmental benefits for power utilities and other heavy industries which consume coal.

In June 2021, the Company commenced production of CoalSwitch™ at the Company's production facility in Ashland, Maine (the "**Ashland Facility**"), which was constructed in the second quarter of 2021. Whilst operations at Ashland were suspended in August 2021 due to a component failure at the Ashland Facility, the operations prior to suspension validated the steam explosion process' ability to produce next generation biomass fuels on an industrial scale. More importantly, the Company acquired valuable manufacturing and product data which provides all key information to permit the construction of larger scale production facilities. The Company also managed to produce a stock of product samples, which have been supplied to potential customers.

The Board remains pleased with the increasing level of engagement with future long term customers for CoalSwitch™ and initial testing feedback to the CoalSwitch™ product. The Company has also received positive feedback on test analysis from samples produced at the Ashland Facility during Q2 2021 through the larger scale reactors, currently being undertaken by various academic institutions including the University of New Brunswick, University of Utah and Brigham Young University in Utah.

### **3. Reasons for the Fundraising**

In order to meet the anticipated future demand for CoalSwitch™, the Directors intend to construct a 70,000 ton per annum production facility at Ashland, Maine. In order to gain a permit from the State of Maine to construct the larger facility, the Company will need to demonstrate to the state of Maine that it has the requisite financing available to complete construction of the larger scale facility and establish production operations.

Player Design has already completed a detailed budget for the design and construction of the larger scale facility. To accelerate construction lead times and minimise costs for the new facility, the new production facility will combine the utilisation of all of the Company's existing equipment at Ashland and certain equipment from Lumberton as well as additional new equipment including newly developed production reactors.

The Directors consider that it is in the interests of the Company and its Shareholders to conduct the Fundraising in order to provide the Company with the capital to commence the construction of the 70,000 ton per annum production facility and to progress the process of gaining a permit from the State of Maine for its construction.

### **4. Use of proceeds**

The net cash proceeds of the Fundraising, which are estimated to be approximately £2.7 million, will be used as follows:

- to complete the engineering and design work required for the Ashland Facility;
- to complete the application for the necessary permits for the construction and operation of the Ashland Facility;
- to place orders for equipment with long lead-times required for the construction of the Ashland Facility; and
- to meet the Company's general working capital requirements.

### **5. Current trading and outlook**

The Company announced its unaudited interim results for the six months ended 30 June 2021 on 28 September 2021. Since July 2021, the Company has seen increasing momentum in sales and marketing activities with prospective customers throughout the USA, Canada and Japan. In each instance, product samples have been delivered for independent customer testing. The Company is also receiving positive feedback on CoalSwitch™ test analysis currently being undertaken by a number of potential clients. These tests are being conducted on CoalSwitch™ fuel produced at Ashland, Maine during Q2 and Q3 of 2021.

The Company was notified that its commercial cutting permit had been cancelled in the Province of Newfoundland (the "**Province**"), owing to the requisite volume allocation not having been harvested within specified time limits. Covid-19 travel restrictions further prevented AEG or any of its advisers from accessing the Province in the last 16 months. The permit was fully impaired in 2020.

On 5 August 2021, a monitoring component failure resulted in an unexpected interruption in a production cycle. As a result of this failure, both reactors at the Ashland Facility are inoperable and will require replacement. All other equipment remains operable and capable of resuming CoalSwitch™ production operations at any time.

## 6. PDI Agreement

The Company has entered into a conversion and subscription agreement with Player Design and Tyler in relation to the subscription by Tyler of \$1,000,000 of shares in the Company. Such subscription fees are settled in part in cash and in part in kind, in particular:

- i. a \$300,000 cash subscription by Player Design in the Company;
- ii. a \$300,000 advanced payment by AEG for the performance by Player Design of future engineering services in regard to the completion and construction of larger manufacturing facility at the Ashland Facility; and
- iii. \$400,000 in settlement of all liabilities in relation to the unwinding of the joint venture between the Company and Player Design (including, in particular, the transfer by Player Design of 100% of its shareholding in the joint venture company, CSW2Maine, to the Company established in April 2020 initially to develop, build and operate a CoalSwitch™ production plant at Ashland). Following completion of the Subscription Agreement the Company will be the 100% shareholder of CSW2Maine.

The total amount of the Subscription is \$1.0 million (approximately £0.75 million) and all of the Subscription Shares, will, pursuant to a direction by Player Design under the terms of the PDI Agreement, be issued in the name of Tyler.

## 7. Details of the Fundraising

The Company has conditionally raised £3.0 million of cash by way of the Fundraising. The gross cash proceeds of the Fundraising will be £2.77 million from the Placing and £0.23 million from the Subscription.

The Issue Price represents a discount of approximately 39 per cent. to the closing mid-market price of an Ordinary Share of 0.33 pence on 8 December 2021, being the last trading day prior to the release of the Announcement.

The Fundraise is conditional, *inter alia*, on the Placing Agreement becoming unconditional in all respects by no later than 8.00 a.m. on 29 December 2021 (or such later date, as Allenby Capital may agree being no later than 5.00 p.m. on 14 January 2022) and not having been terminated in accordance with its terms. The Conditional Placing is conditional, *inter alia*, on the passing of Resolution 1 and Resolution 2 at the General Meeting.

### *The Placing*

The Company is proposing to raise £2.77 million (before fees and expenses) by way of a firm, non-pre-emptive placing and a conditional, non-pre-emptive placing of 1,387,218,000 Conditional Placing Shares and Firm Placing Shares at the Issue Price.

In connection with the Placing, the Company has entered into the Placing Agreement pursuant to which Allenby Capital and Panmure Gordon have agreed, in accordance with its terms, to use reasonable endeavours to procure subscriptions for the Placing Shares at the Issue Price. The Placing is not underwritten. The Placing Agreement contains customary warranties given by the Company to Allenby Capital and Panmure Gordon in respect of matters relating to the Company and its business and a customary indemnity given by the Company to Allenby Capital and Panmure Gordon in respect of certain liabilities they may incur in respect of the Fundraise. Allenby Capital and Panmure Gordon have the right to terminate the Placing Agreement in certain circumstances prior to First or Second Admission, in particular in the event of a material breach of the warranties or a *force majeure* event.

### *The Subscription*

The Company has conditionally raised £0.23 million in cash via a subscription for the Subscription Shares by Tyler at the Issue Price.

## 8. Directors' participation in the Placing

Certain Directors have conditionally subscribed for an aggregate of 30,500,000 Conditional Placing Shares at the Issue Price in the proportions set out below:

<i>Director</i>	<i>Existing Ordinary Shares held</i>	<i>Conditional Placing Shares subscribed for</i>	<i>Ordinary Shares held on Second Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Michael Rowan	14,986,250	12,500,000	27,486,250	0.49%
James Leahy	10,000,000	10,000,000	20,000,000	0.35%
Jason Zimmermann	1,961,500	2,500,000	4,461,500	0.08%
Andrew Diamond	500,000	2,500,000	3,000,000	0.05%
Max Aitken	1,000,000	3,000,000	4,000,000	0.07%

## 9. Related party transactions

Premier Fund Managers Limited ("**Premier**") and Lombard Odier Asset Management (Europe) Limited ("**Lombard Odier**") are substantial shareholders of the Company and are therefore classified as related parties under the AIM Rules for Companies.

Premier have participated in the Conditional Placing in respect of 200,000,000 Conditional Placing Shares and Lombard Odier have participated in the Conditional Placing in respect of 50,000,000 Conditional Placing Shares. The participation of Premier and Lombard Odier in the Fundraise is considered a related party transaction under the AIM Rules for Companies.

The Directors, having consulted with the Company's nominated adviser, Allenby Capital, consider that the terms of Premier's and Lombard Odier's participation in the Fundraise are fair and reasonable insofar as the Company's Shareholders are concerned.

## 10. Admission, settlement and dealings

Application shall be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and dealings in the Firm Placing Shares will commence at 8.00 a.m. on 15 December 2021. Subject to the passing of Resolution 1 and Resolution 2 at the General Meeting, Second Admission will become effective and dealings in the Conditional Placing Shares and Subscription Shares will commence at 8.00 a.m. on 30 December 2021.

All New Ordinary Shares will be issued fully paid. It is expected that CREST accounts of investors in the New Ordinary Shares who hold their Ordinary Shares in CREST will be credited with the New Ordinary Shares following Second Admission.

## 11. General Meeting

The Conditional Placing is conditional upon, *inter alia*, the passing of Resolutions 1 and 2 at a General Meeting to grant the Board authority to allot the New Ordinary Shares for cash and grant the Board authority to allot the New Ordinary Shares as if the pre-emption rights in Section 561 of the Companies Act 2006 did not apply.

Resolutions 3 and 4 are to give the Company additional flexibility to raise further share capital. These resolutions are not needed for the Fundraise. The Directors are seeking this additional authority at this stage in order to be able to take opportunities to place shares and raise further equity capital without the need to hold a further General Meeting for that purpose. As stated in paragraph 3 (Reasons for Fundraising) the Directors expect the Company will need to raise further capital on or before 30 June 2022 to complete permitting and continue construction of the Ashland Facility. It is with this anticipated future need in mind that the authorities which will be conferred by Resolutions 3 and 4 are sought. The Directors are mindful of the desire of Shareholders to avoid dilution and to participate in equity placings, wherever possible. The Directors have undertaken to Allenby Capital not to make use of the authorities that would be conferred by Resolutions 3 and 4, without first discussing with Allenby Capital the

possibility of making open offers and/or clawback type arrangements, as and when the Directors see opportunity to raise equity using the authorities conferred by Resolutions 3 and 4.

If Resolutions 1 and 2 as set out in the notice to the General Meeting are not approved at the General Meeting, the Company will be unable to complete the Conditional Placing.

**Accordingly, you will find at the end of this document the notice convening the General Meeting which is being convened at 10.00 a.m. on 29 December 2021. Notwithstanding the lifting of the Covid-19 restrictions on 19 July 2021, the Board strongly recommends that, due to the ongoing Covid-19 pandemic, continued uncertainty and risk of infection, Shareholders do not attend the General Meeting but instead appoint the Non-Executive Chairman of the meeting to exercise their right to vote. Voting at the General Meeting will take place on a poll. If there are any changes to the time and date of the General Meeting, the revised time and/or date will be notified to the London Stock Exchange by an announcement via an RNS.**

## **12. Action to be taken**

The minimum number of Directors or employees of the Company will attend to ensure that the meeting is quorate. Updates in relation to the General Meeting will be provided on the Company's website and, where appropriate, announced via a Regulatory Information Service.

The Company and the Board strongly advise Shareholders to vote by appointing the Non-Executive Chairman of the meeting as their proxy via the Form of Proxy which accompanies this Circular or via CREST's online voting system. The deadline for doing this is by 10.00 a.m. on 23 December 2021.

You will find enclosed a Form of Proxy for use by Shareholders at the General Meeting. The Form of Proxy should be completed in accordance with the instructions printed thereon and forwarded to the Company's registrars, Share Registrars, or submitted electronically through CREST, or scanned copies may be sent via email to the following address: [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com) with 'Active Energy Group Plc – Form of Proxy' in the subject line as soon as possible, and in any event so as to be received by no later than 10.00 a.m. on 23 December 2021.

## **13. Directors' Recommendation**

The Directors consider that the Fundraise is in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document, as they intend to do or procure, as appropriate, in respect of their direct and beneficial shareholdings, which total 28,447,750 Existing Ordinary Shares representing approximately 0.73 per cent. of the Existing Ordinary Share Capital.

Yours faithfully

**Michael Rowan**  
*Chief Executive Officer*

## NOTICE OF GENERAL MEETING

### Active Energy Group PLC

(the "Company")

*(incorporated and registered in England and Wales with registered number 03148295)*

**NOTICE** is hereby given that a general meeting (the "**Meeting**") of the Company will be held at the Eccleston Square Hotel, 37 Eccleston Square, London, SW1V 1PB on 29 December 2021, at 10:00am (London time). Unless otherwise indicated the definitions set out in the circular to which this notice is attached apply in this notice. The business of the meeting will be to consider and if thought fit pass the following resolutions:

#### **Ordinary Resolution 1 – Authority to Allot**

1. **THAT**, subject to, and conditional upon, the passing of Resolution 2, in accordance with article 5.1 of the Articles and the provisions of section 551 of the Act the directors of the Company be and are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) for cash provided that this authority shall be limited to the allotment of 1,078,158,001 New Ordinary Shares in the capital of the Company pursuant to or in connection with the Fundraising (as such term is defined in the Circular) and provided that the authority granted by this resolution shall expire on 31 March 2022.

This authority is in addition to all previous authorities conferred upon the directors of the Company pursuant to section 551 of the Act and without prejudice to the allotment of any relevant securities already made or offered or agreed to be made pursuant to all previous authorities conferred on the Directors.

#### **Special Resolution 2 – Waiver of pre-emption rights**

2. **THAT**, subject to and conditional upon the passing of Resolution 1, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) in the capital of the Company for cash pursuant to the authority conferred on them in accordance with section 551 of the Act by Resolution 1 as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment up to an aggregate nominal amount of £107,815.80 pursuant to the Fundraising and provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 31 March 2022.

This authority is in addition to previous equivalent authorities conferred upon the directors of the Company and without prejudice to the allotment of any relevant securities already made or offered or agreed to be made pursuant to all previous authorities conferred on the Directors.

#### **Ordinary Resolution 3 – Authority to Allot**

3. **THAT**, subject to, and conditional upon, the passing of Resolution 4, in accordance with article 5.1 of the Articles and the provisions of section 551 of the Act the directors of the Company be and are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) for cash provided that this authority shall be limited to the allotment of 1,869,519,216 new ordinary shares in the capital of the Company and provided that the authority granted by this resolution shall expire on 30 June 2022.

This authority is in addition to all previous authorities conferred upon the directors of the Company pursuant to section 551 of the Act and without prejudice to the allotment of any relevant securities already made or offered or agreed to be made pursuant to all previous authorities conferred on the Directors.

**Special Resolution 4 – Waiver of pre-emption rights**

4. **THAT**, subject to and conditional upon the passing of Resolution 3, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) in the capital of the Company for cash pursuant to the authority conferred on them in accordance with section 551 of the Act by Resolution 3 as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment up to an aggregate nominal amount of £84,978.15 and provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 June 2022.

This authority is in addition to previous equivalent authorities conferred upon the directors of the Company and without prejudice to the allotment of any relevant securities already made or offered or agreed to be made pursuant to all previous authorities conferred on the Directors.

By order of the Board

**Michael Rowan**

*Chief Executive Officer*

*Registered office:*

27/28 Eastcastle Street

London

W1W 8DH

10 December 2021

## Notes

1. A Form of Proxy is enclosed for use at the General Meeting. Please read carefully the instructions on how to complete the form. To be valid it must be received by email in accordance with the instructions set out on the form, by post or (during normal business hours only) by hand to the Company's registrars Share Registrars Limited, Molex House, The Millennium Centre, Crosby Way, Farnham GU9 7XX, or scanned copies may be sent via email to the following address: [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com) with 'Active Energy Group Plc – Form of Proxy' in the subject line no later than 10.00 a.m. on 23 December 2021 (time and date falling 48 hours prior to the date of the General Meeting, excluding non business days).
2. To be entitled to vote at the Meeting or any adjournment (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10.00 a.m. on 23 December 2021 (time and date falling 48 hours before the date of the General Meeting, excluding non business days) or, if the General Meeting is adjourned, at 10.00 a.m. on the day two days prior to the adjourned meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to vote at the meeting.
3. CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) 48 hours (excluding non-working days) before the time appointed for holding the General Meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited, Molex House, The Millennium Centre, Crosby Way, Farnham GU9 7XX, tel. +44 (0) 1252 821390. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Molex House, The Millennium Centre, Crosby Way, Farnham GU9 7XX. The revocation notice must be received by Share Registrars Limited by close of business on the day two business days before the General Meeting or, if the General Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting. In the case of a shareholder which is a corporation, the revocation notice must be executed under its common seal or signed on its behalf by an officer or an attorney of the corporation or other person authorised to sign it. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.