

Active Energy Group PLC

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Active Energy adds Europe to markets for CoalSwitch with Polish deal

Active Energy Group PLC (LON:AEG) has agreed another partnership for its CoalSwitch coal substitute, this time in Poland.

CoalSwitch is made from waste wood normally left to decompose following forestry operations.

WATCH: Active Energy inks CoalSwitch joint venture with Polish group Cobant This includes pulp and saw mill by-products such as bark, sawdust and thinnings, and wood which is over-age, under-quality, blow-down, beetle-kill, forest-fire damaged, or industrial waste.

The aim is to roll CoalSwitch out where AEG can source high volume feedstock.

Research, development and testing have taken place over the past two years with the help of the University of Utah, which has included both burn and handling tests.

Joint venture in Poland

Polish group Cobant is the latest partner and will work with AEG to develop a new "Super Fuel" that combines CoalSwitch and reclaimed coal from slurry dumps in Upper Silesia.

Pawel Woszczyk, Cobant's chief executive, said the waste coal accumulated in the coal slurry waste dumps can become a valuable feedstock and a real alternative for the power industry in Poland.

READ: Active Energy inks deal to create a new high-value soil amendment product utilising its CoalSwitch process

"Poland is historically bound to coal so a complete reversal and refocus on new fuel sources would be extremely difficult to implement.

The joint venture will assess the best ratio for a combination of reclaimed coal and CoalSwitch .

Sales initially will be to Poland's power stations and domestic users but eventually there will be a roll-out into the European Union and central Europe.

Poland is considered one of the most polluting coal-burning countries in Europe, but strict environmental controls are due to come into place during the next decade.

Reconfiguring the feedstock of coal power plants to maximise output and will enable power plant operators to achieve their green credentials, said Richard Spinks, AEG's chief executive.

Asia deal

Price: 0.4525p

Market Cap: £5.44M

1 Year Share Price Graph



Share Information

Code: AEG

Listing: LSE

52 week High Low
3.80p 0.33p

Sector: Energy

Website: www.aegplc.com

Company Synopsis:

Active Energy Group Plc (AIM: AEG. L) is a London Stock Exchange-listed firm, operating internationally across the entire timber supply chain - from forest to fuel. Our complementary business divisions provide timberland development services for forestry owners and second-generation biomass coal replacement fuels for industrial power generators.

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Last year, California-based renewable energy group Lumino Capital agreed to build eight CoalSwitch plants across Asia.

Advanced Biomass Solutions (ABS), AEG's biomass affiliate, will construct and run the plants while Lumino will source the biomass feedstock as well as providing finance.

Each new plant will be a standalone entity with total production from the plants to be 1.5m tonnes of the CoalSwitch product each year with construction of the first plants targeted for the first half of next year.

Two separate affiliate companies

Advanced Biomass Solutions (ABS) is one of two affiliates set up in a recent reorganisation.

ABS holds all of the CoalSwitch activities and will handle future projects related to the group's biomass coal replacement technology, such as the deal with Cobant.

The other affiliate, Timberlands, houses the forestry management business controlled by Active.

Timberlands division has a joint venture with three native Métis Settlements of Alberta, Canada, to commercialise **more than 300,000 hectares (around 750,000 acres) of assets and also a preliminary forestry management contract with the Province of Newfoundland.**

Ukraine for sale

The Woodfibre operations in Ukraine are up for sale as part of the switch of focus onto CoalSwitch and forestry management.

Focus on Canada and Europe

Following a year of restructuring, Active Energy has now identified the USA, Canada and Europe as the regions in which it wished to operate.

The cost of restructuring the business was reflected in the financial results, with the pre-revenue company posting a loss of US\$14.78m, compared to a loss of US\$2.49m the year before. Losses included a US\$7.28m loss from discontinued operations.

Active Energy has also announced that chief executive officer Richard Spinks will step down from its role at next month's annual general meeting to focus on the development of CoalSwitch in Poland and forestry management in North America. He will be replaced by executive chairman Michael Rowan.

Analysts at Northland Capital Partners said: "During 2017 AEG restructured its operations to focus primarily on CoalSwitch and other related activities - PeatSwitch and sourcing of timber feedstock in Newfoundland and Alberta."

"Its focus is now on developing these opportunities in Canada and Europe," the analysts said.

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