

## Kedco plc

("Kedco" or the "Company")

### Trading and Funding Update and new 10MW Biomass CHP project

Kedco plc (AIM:KED), the renewable energy group focusing on the production of clean energy in the UK and Ireland, today provides the following trading update to coincide with the end of its financial year at 30 June.

#### Corporate objectives

In January 2013 the company set a number of corporate objectives for calendar year 2013 as detailed below:

1. To complete the financing and begin construction of the 12MW Enfield Biomass project.
2. To complete the financing and start installation of the 2<sup>nd</sup> stage of the 4MW Newry Biomass which is expected to be fully commissioned by Dec 2013.
3. To complete the planning process for a further 4MW extension to the Newry Biomass project, thereby bringing the capacity up to 8MW.
4. Complete the financing and commissioning of the 800kw Pluckanes Windfarm project.
5. To obtain planning permission for the 8MW Clay Cross Biomass project.
6. To bring the Altilow 500kw wind project to a fully consented and ready-to-construct stage.
7. To obtain at least another six planning permissions for small scale renewable energy projects.
8. To double the size of the Company's current development pipeline.

The Board is pleased to report that excellent progress has been made across of these key objectives and the company remains on track to meet these by the end of the 2013. Further details are provided in this announcement.

#### Portfolio / Project update

The Company has increased the size of its development portfolio from 70MW at the end of 2012 to 146.8MW currently, achieving the full year target ahead of schedule. Further details are included below.

Project Name	Capacity (MW)	Status overview
Newry Biomass	8.00	2MW in initial commissioning. Full production from 4MW expected Q4 2013. Further 4MW extension in the planning process.
Enfield Biomass	12.00	Planning and permitting received, grid connection offer secured, feedstock options available. Financial close expected end of Q3 2013.
Pluckanes Wind	0.80	Ready to construct, financing in place
Altilow Wind	0.50	Planning approved, grid connection awaited, meteorological mast installed
Clay Cross Biomass	12.00	In planning process, feedstock options available.
Co-Development Agreement ROI Wind	52.5	In planning process
Moneygorm, Killuagh, Knockavadra Wind	2.0	500kw single wind turbines projects with planning permission, grid connection awaited.
Derry Port Biomass	25.00	Heads of terms signed
Single Wind Turbine projects / AD & Solar projects	34.00	Various stages of development
<b>Total</b>	<b>146.80</b>	

#### Heads of terms for new 10MW Biomass CHP project

In addition to this the Company is pleased to announce the signing of heads of terms with London & Devonshire Trust ("LDT") regarding a new biomass project, with a capacity of up to 10MW.

The Company has signed heads of terms with LDT (Plymouth Energy Park) Limited, which is a subsidiary of the London & Devonshire Trust. This gives Kedco an option to lease a 4.5 acre site located on Ernesettle Lane, Plymouth for the proposed construction of a biomass electricity and heat generating plant with a capacity of up to 10MW. The heads of terms are not legally binding and are subject to contract and the completion of formally executed legal documentation.

The proposed project site is located in an energy park being developed by LDT who have already secured a grid connection for a number of planned projects in the energy park. The Company expects to sign a binding option agreement before the end of July 2013, following which the planning process will start immediately.

The Company is also in advanced discussions regarding heads of terms for the co-development of another new Biomass CHP project located in Co. Waterford, Ireland. This project will have a minimum capacity of 10MW. Co-Development and Lease Option agreements are currently being drafted and are expected to be signed before the end of July 2013

The intention is to develop a similar plant to the Enfield Biomass project at both of these locations. Further information on these will be released in due course.

#### **Enfield Biomass 12MW CHP project**

The company announced on 4 June 2013 that it had selected the Foresight Group as the preferred funder and signed heads of terms with them regarding the part financing of the Enfield Biomass project. The company is currently working with Foresight to appoint a team of legal and technical advisers for the due diligence process. This is expected to be completed in the next two weeks following, which the formal due diligence process will begin.

The first response to the EPC market enquiry has been received with further responses due back shortly. Following the receipt of all market enquiries the company in consultation with Fichtner's, the Company's engineer for the project, and Foresight Group will appoint a preferred EPC contractor.

All other aspects of the project remain on track and in line with management expectations.

#### **Newry Biomass 4MW CHP project**

The company announced that the Newry Biomass CHP project had exported electricity to the grid in September 2012. Since then the company in conjunction with both Zeropoint and Clarke Energy has undertaken standard reliability tests of the equipment before formally taking over the equipment from its respective partners. The GE Jenbacher engine was commissioned by Clarke Energy on 7 September 2012 with the gasifier being commissioned and taken over by Kedco Fabrication on 4 June 2013.

Following the formal commissioning hand over the company has been focused on completing various tests and reports required by Ulster Bank Ireland Limited in connection with the drawdown of debt facilities for Phase 2 of the project.

The banks technical adviser, Mott McDonald, have completed their report and submitted it to Ulster Bank for their approval. The company is currently in discussions with Ulster Bank regarding this report and the timing for the drawdown of facilities for Phase 2. Further updates will be provided in due course.

A pre-planning consultation process regarding the 4MW Phase 3 extension to the Newry Biomass project is currently underway and a formal planning application will be submitted in the next six months.

#### **12MW Clay Cross Biomass CHP project**

The planning process on the Clay Cross Biomass CHP project continues and a formal planning application is expected to be submitted for approval within the next two months.

#### **Pluckanes 800kw Wind project**

The company announced an update on the Pluckanes Windfarm project on 24 May 2013. The company has continued to satisfy the remaining conditions precedent related to the bank facilities. It is awaiting confirmation from the bank that all conditions precedent have now been satisfied. The project is fully consented having received planning permission and an offer to connect to the national grid. Pluckanes has signed a contract with Enercon GmbH for the supply and installation of an E48 800kw wind turbine and associated electrical works. A contract for the civil works associated with the project has also been signed with Cro Bar Construction Limited. The project remains on track and in line with previous guidance provided by the company.

### **Planning consented single wind turbine projects**

The company has received planning permission for four separate single wind turbine projects over the last six months including the Altilow, Moneygorm, Knockavadra and Killuagh projects. An application for connection to the national grid has been made for all of the projects and the first formal offer is due to be received for the Altilow project in early July. Meteorological masts have also been installed at both the Altilow and Moneygorm sites and wind data collection is on-going. Both of these projects are on track to be construction ready by the end of 2013.

### **52.5MW Co-development Agreement**

Planning work regarding all four projects, which form part of the co-development agreement is continuing. Environmental studies and initial design and layout work commenced in early April and will be completed in August 2013. A formal planning application remains on track to be submitted in early Q4 2013 for all four (4) projects.

### **Single wind turbine projects**

The Company continues to focus on single wind turbine projects in Ireland and the UK. At present the company has nine (9) such projects in the planning process with decisions on a number expected before the end of this calendar year. The company is targeting at least two (2) new single wind turbine projects to be submitted for planning approval every month.

### **Sark Island Solar**

The Company can also announce that it has started work on its first small scale solar project on the Island of Sark in the Channel Islands. The Company has in partnership with the Trustees of the Sark Island Community Centre and School ("the Trustees"), submitted planning permission for a 25kw roof top solar project, which will be located on certain community buildings on the Island. A public consultation was held on the Island this week. As part of the project the Company has also signed heads of terms with the Trustees for a long-term power purchase agreement where the Company will sell electricity generated by the project to the Trustees for supply to the community buildings. The project is expected to be considered for approval by the Island's Development and Control Committee in the coming months. Based on the outcome of this project the Company will explore further opportunities to deploy renewable energy solutions in partnership with the Sark Island community.

### **Other Projects**

The Company continues to progress the Derry Port 25MW Biomass CHP project as well as the various small-scale anaerobic digestion and solar projects which have been previously announced. Further announcements will be made in relation to these projects as further key milestones are met.

### **Funding**

The Company announced on 28 March 2013 that it had raised £400,000 through a convertible loan note issued to the Company's largest shareholder. The purpose of the loan note was to fund Kedco's ongoing development and working capital requirements. In the context of the Company's continued ongoing losses, the Board has recognised the need to supplement the Company's cash resources both for its projects and ongoing working capital requirements. Accordingly, the Directors have instituted measures to preserve cash and discussions with providers of finance are on-going to secure additional funding in order for the Company to continue with its activities and its planned development program. To this end, the Company has applied for and received advanced assurance from HM Revenue and Customs that the Company qualifies for Venture

Capital Trust (“VCT”) and Enterprise Investment Scheme (“EIS”) investments. This approval allows the Company to raise equity funding under either of these schemes. Discussions with providers of VCT / EIS finance and other equity finance remain on-going.

In the absence of new funds being raised from new investors, the Company will be reliant on the financial support of its existing shareholders and creditors to enable it to continue to trade.

## **Outlook**

The Board is pleased with progress made across the Company’s key projects over the last six months and across the overall project development pipeline. The company has shown that it can continue to bring projects successfully through the planning process, obtain grid connection and put in place the required contractual structures that attracts both bank and equity financing. The Company will continue to focus on securing additional funding to enable it to deliver on its planned development programme and overall strategy.

## **For further information:**

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## **About Kedco plc**

Kedco Group is a renewable energy portfolio developer and operator whose business strategy is to identify, develop, build, own and operate renewable energy electricity and heat generation plants in the UK and Ireland.

The Group possesses significant knowledge of renewable energy markets, clean technologies, fuel sources, project development, project finance and project delivery.

Kedco was admitted to trading on AIM, a market operated by the London Stock Exchange, in October 2008 (AIM: KED).

([www.kedco.com](http://www.kedco.com))