

Company [Alkane Energy PLC](#)
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Alkane Energy plc

AGM Statement

At the Annual General Meeting of Alkane Energy plc ("Alkane"), to be held today at 10.30am at Edwinstowe House, High Street, Edwinstowe, John Lander, Chairman of Alkane, will make the following statement:

"I am delighted to report that in 2006 Alkane made its first operating profit of £1.1 million, a significant turn around on the previous years, mainly reflected in an increase in the number of operating mine gas projects coupled with higher electricity and gas prices for our end products. Since the start of our new financial year on 1 January, we have continued to increase the generation capacity installed at our sites and we are exporting record levels of electricity to the grid. Our German subsidiary, Pro2, was also in profit, and reported a record turnover, in 2006.

In the UK, our portfolio of mine gas assets has been expanded to 17MW with additional capacity installed at an existing plant in Mansfield where the infrastructure was already in place. This meant that the additional capacity was added for only the cost of the containerised generation system supplied by Pro2. Planning applications to add further capacity totalling 2.7MW at two other sites have been submitted to Nottinghamshire County Council and we continue to submit applications in order to develop our portfolio. The existing seven plants in the UK are operating at 96% availability and are being upgraded to enable remote plant control via the Internet. This system allows service engineers to optimize plant operation, respond rapidly to faults and maintain high levels of operating efficiency through 24/7 monitoring.

Alkane's electricity sales are at record levels with around 20 million kWh exported to the grid since the start of the new financial year. In addition to our five electricity generation plants we operate two direct gas supply plants at Mansfield and Wheldale. The total output from our green energy parks is sufficient to supply around 15,000 homes with electricity and in addition we capture emissions equivalent to around 460,000 tonnes of carbon dioxide per year. An investigation is under way to explore the possibility of verifying these savings so that they can be traded as

Verified Emissions Reductions (VERs) in the international carbon credits market thereby adding further value to our existing and future mine gas projects.

New financial management and reporting systems are in place at Pro2 to enable the business to drive through improvements in margins. Negotiations are nearing completion on a new equity, loan and project finance package for Pro2. When completed this will allow the company to take advantage of supplier discounts and we anticipate that this will feed through to improved margins on sales, service and contracting projects.

Pro2's firm order book for its renewable energy systems was at 70% of budget at the end of April. Sales continue to grow strongly in the German biogas market and international orders for build own and operate biogas and landfill gas generation plants are also expanding rapidly. Interest in mine gas power generation systems for installation at operating coal mines in developing countries is high, driven by the Kyoto Clean Development Mechanism and the carbon credits market.

In conclusion, we believe that 2007 should be a year in which the company will continue to be profitable, will expand its portfolio of new projects while increasing its capacity at existing green energy parks."

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