

Company [Alkane Energy PLC](#)

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Headline Pro 2 Update

Released 11:23
12-Jul-07

Number 1361A



RNS Number:1361A
Alkane Energy PLC
12 July 2007

For immediate release

12th July 2007

Alkane Energy plc
("Alkane")

ALKANE ENERGY ANNOUNCES PLATFORM FOR GROWTH AT PRO2

Alkane Energy plc (AIM:ALK) the international renewable energy company today announces the re-financing of Pro2 Anlagentechnik GmbH ("Pro2"). An agreement has been completed for new funding from German investors and banks, including UmweltBank AG (Environment Bank) of Bavaria, which have a strong background in financing renewable energy companies and projects in Europe. Their investment has considerably strengthened the company's financial base and environmental credibility.

The new investors have contributed €1.4 million in return for new equity in Pro2 which represents 25.5% of the enlarged issued share capital. The effective date of this transaction is 1 January 2007. The existing shareholders are diluted proportionately with Alkane's holding reducing from 51% to 38% and the Pro2 directors' holding from 49% to 36.5%. An advisory board, on which Alkane will have one third of the representation, has been established to oversee management of the company.

In addition to the equity investment, the new investors are helping Pro2 to source new facilities for working capital and project finance. Negotiations regarding the first tranche of this debt funding, totalling €3.9 million, are at an advanced stage and are expected to be completed soon. It has been agreed that upon completion of this first tranche of debt funding Alkane will be repaid €1 million of the €3 million working capital loan made to Pro2 in late 2005. The balance of this loan will be repaid as soon as cash permits. In the UK, these loan repayments will be utilised to drill new prospects in Alkane's licence portfolio, and to invest in its mine gas development pipeline.

As a result of this transaction, Pro2 will be treated for reporting purposes as an associated company of Alkane Energy plc rather than as a subsidiary. With effect from 1 January 2007, Alkane will report its share of Pro2's results as one line in the profit and loss account, rather than consolidating turnover and costs by individual category. In the year to 31 December 2006, Pro2 contributed £144,000 to group profits compared with a loss of £70,000 in 2005. Pro2's net

