Mast Energy Developments PLC
(Incorporated in England and Wales)
(Registration Number: 12886458)
Share code on the LSE: MAST
ISIN: GB00BMBSCV12
("MED" or "MAST" or "the Company")

MAST Energy Developments

Unaudited interim results for the six-month period ended 30 June 2023

Dated 25 August 2023

MAST Energy Developments PLC ('MED' or the 'Company') the UK-based multi-asset owner and operator in the rapidly growing flexible energy market, is pleased to announce its unaudited interim results for the six months ended 30 June 2023.

Overview of key highlights during the interim period to date:

- In May 2023, a significant milestone was reached at Rochdale, with the local Council finalising its thorough and robust review of the site's design and construction documents, and officially granting Planning Consent. Rochdale is subsequently fully construction-ready and awaiting project funding.

- A strategic decision was made to forego the pre-existing T-4 CM contract at a tariff of £8/kW/pa for the Pyebridge site in favour of applying for two new replacement CM contracts in the 2022/2023 CM bid window. Consequently, MED was successful in pre-qualification to bid for new T-1 and T-4 CM contracts. The Capacity Market Auctions resulted in a T-1 bid, which cleared at £60/kW/pa and a T-4 bid that cleared at a record price of £63/kW/pa.

- MED has reprofiled the outstanding balances on its existing loan facilities held through an institutional lender group. The aggregate balance outstanding on the loans amounted to £729,750 (the 'Reprofiled Balance'), which was transferred to the new loan agreement (the 'Reprofiling Agreement'). Under the terms of the Reprofiling Agreement, the Reprofiled Amount is deemed an initial advance. A second advance under the terms of the Development Loan of £100,000 was availed by the lender group in conjunction with the signing of the Reprofiling Agreement. Shares to the value of £107,070 were issued in May 2023 in respect of a proportional payment of principal debt and interest in terms of the Reprofiling Agreement.

- **Post reporting period**
  During July 2023, the Company has finalised and entered into a first definitive and binding Joint Venture Agreement ('JVA') with an institutional investor-led consortium (the 'Institutional Investor').

  Under the JVA, the Institutional Investor will inject all required investment capital into the Joint Venture ('JV'), with an initial expected total investment value of c. £5.9m, with no funding contribution required from MED. The completion date of the JVA has been extended and is now expected around 31 August 2023 (see RNS dated 4 August 2023).

  Further, the JVA also commits both parties, as set out in MED's announcements dated 12 July 2023 and 4 August 2023, to promptly finalise terms on a second joint venture ('Secondary JVA') that will increase the envisaged total investment value to c. £31m, with a total portfolio of low-carbon flexible gas generation peaker plants totally a combined generation output of up to c. 33 MW, to be developed and/or acquired, constructed and in production and income-generating under the two joint ventures.

This announcement contains inside information for the purposes of the UK version of the Market Abuse Regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ('UK MAR'). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

ENDS

For further information please visit www.med.energy or contact:

Pieter Krügel	info@med.energy	MAST Energy Developments PLC	CEO
Jon Belliss	+44 (0)20 7399 9425	Novum Securities	Coprorate Broker
Zainab Slemang van Rijmenant	zainab@lifacommunications.com	Lifa Communications	Investor and Media Relations Advisor

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS:	Louis Lodewyk Coetzee (Non-Executive Chairman) Pieter Krügel (Chief Executive Officer) Paul Venter (Non-Executive Director) Dominic Traynor (Non-Executive Director)
REGISTERED OFFICE AND BUSINESS ADDRESS:	Salisbury House London Wall London EC2M 5PS
COMPANY SECRETARY:	Noel Flannan O'Keeffe Salisbury House London Wall London EC2M 5PS
PLACE OF INCORPORATION:	England & Wales
AUDITORS:	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
BROKERS:	Novum Securities Limited 2nd Floor 7-10 Chandos Street London W1G 9DQ
REGISTRAR:	Link Group Unit 10, Central Square 29 Wellington Street Leeds LS1 4DL
SOLICITORS:	Druces LLP Salisbury House London Wall London EC2M 5PS
PRINCIPLE BANKERS:	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
STOCK EXCHANGE LISTING:	London Stock Exchange: Main Market (Share code: MAST)
WEBSITE:	www.med.energy
DATE OF INCORPORATION:	17 September 2020
REGISTERED NUMBER:	12886458

DIRECTORS' STATEMENT

We are pleased to present our Interim Report for the six-months ending 30 June 2023.

The Company's activities during the first half of 2023 focused on getting the Pyebridge site fully operational following the work required at the beginning of the year, further development of the Bordesley, Rochdale, Hindlip Lane and Stather Road sites, and finalising discussions with an institutional investor consortium with the aim of securing significant project capital to further MED's strategic objectives.
These activities are briefly discussed below, and further details can be found in the Company's RNS operational updates during and post the period ending 30 June 2023, which can be viewed at med.energy.

Joint Venture Agreement

Following robust negotiations and a due diligence process during the first half of 2023, all of which MED passed with distinction, the Company has finalised and entered into a definitive and binding Joint Venture Agreement ('JVA') with an institutional investor-led consortium led by Seira Capital Ltd ('Seira'). Under the JVA, the Institutional Investor will inject all required investment capital into the Joint Venture ('JV'), with a total initial investment value of c.£5.9m, with no funding contribution required from MED. The JVA also commits both parties to promptly finalise terms on a second JV that will increase the envisaged total investment value to c.£31m. A total portfolio of gas peaker plants with a combined generation output of up to c.33MW is to be developed and/or acquired, constructed and in production and income-generating under the two joint ventures.

Under the JVA, the Institutional Investor shall hold 74.9% of the JV while MED will possess the remaining 25.1%. The Institutional Investor will further recognise and reimburse to MED a portion of its actual historic project acquisition- and development-related costs (the 'Cost Refund'), as detailed below, and there will be no requirement on MED to provide any further funding. MED will have joint control of the JV Special Purpose Vehicle ('SPV') Board and full operational control of the relevant sites' management and operations. The Institutional Investor will receive a preferential entitlement to 90% of the profit of the JV until the investment provided has been recovered in full, at which point any distribution of profits will return to the equity split. Therefore, it is envisaged that MED will receive a c.25% stake in a portfolio of up to c.33MW of assets that are expected to be fully funded, constructed and revenue-generating within the next 12 months.

The JVA will initially consist of one project with a generation capacity of c.9MW that MED will provide to the JV. The Institutional Investor will then pay MED c. £3.4m in terms of the Cost Refund and inject c. £2.5m into the JV SPV to cover future capex on the project. Following the binding JVA that has now been executed, the completion date has been extended and is now expected around 31 August 2023 (see RNS dated 4 August 2023).

The Secondary JVA is expected to consist of up to four projects with a combined generation capacity of a minimum 17MW and up to 24MW that MED will provide to the JV. The Institutional Investor will then pay MED c. £3.8m in terms of the Cost Refund and inject c. £21.3m into the JV SPV to cover future capex on these projects.

In addition, the JV will grant MED a five-year management service agreement ('MSA') and associated fees to manage the sites, which will further bolster MED's share of income from the JV, calculated as £7,200 per MW per annum. It is MED's intention and plan to use the bulk of the Cost Refund from the JV investment tranches to further develop and acquire projects that will be used within the JV, as well as further bolster its own wholly owned portfolio of assets (external to the JV) by way of further development, construction and new acquisitions.

Pyebridge (9 MW operational site)

Several key inspections and studies were actioned at the Pyebridge site during the first half of 2023, to ensure the site continues to operate within the required safety and regulatory parameters. These included, but were not limited to, earthing studies, high-voltage studies, low-voltage wiring tests, removal and replacement of the fire detection and alarm system, gas piping tightness tests and a full engine control system parameter review. Following the successful execution of the turnaround plan, which was specifically developed to address the results of the incident on Engine 1 at the end of 2022, the Pyebridge site also resumed full-scale production and export of electricity during February 2023.

Upon acquisition of the site by MED, Pyebridge had a pre-existing T-4 CM contract at a tariff of £8/kW/year with a contract value of c.£60k per annum. Due to the UK energy market having moved significantly since the site previously obtained the aforementioned contract, MED took a strategic decision to forego the contract in favour of applying for new replacement CM contracts in the 2022/2023 CM bid window. Consequently, MED applied for and was successful in pre-qualification to bid for two new CM contracts: a T-1 and a T-4 CM contract. Following the preparation of a robust Capacity Market Auction bid strategy, MED is pleased to announce that, pursuant to the recent Capacity Market Auctions and subsequent results, its T-1 bid cleared at £60/kW/year while its T-4 bid cleared at an unprecedented historic record price of £63/kW/year. The site's new replacement T-4 contract (at £63/kW/year) results in an uplift of income of c.7.5x (or 750%) compared to the previous contract tariff of £8/kW/year. The new additional T-1 CM contract, which the site did not have previously, will further enhance the site's revenue significantly. The site's new T-1 CM contract has a revenue value of c.£308k per annum and its new T-4 CM contract has a revenue value of c.£324k per annum (the latter is up from the previous T-4 contract's c.£60k per annum). Both contract values will increase the site's revenue profile accordingly.

As part of the Medium Combustion Plant Directive ('MCPD'), it is a requirement for medium combustion plants to execute emissions testing to ensure the facility operates within the legal bounds of emissions of primarily sulphur dioxide (SO_2), nitrogen oxides (NO_X) and dust into the air. The MCPD testing was executed at the end of May 2023. The Pyebridge site therefore, now has a renewed MCPD permit to continue operations.

The total electricity generation in the GB market decreased in Quarter 1 of 2023 but with a record 47.8 per cent share coming from renewable sources (i.e., wind and solar). This contributed to an average electricity sales price of £126.38/MWh (for the period January through June 2023), which is significantly lower than the average sales price during the previous half-year period (£421.24/MWh for July through December 2022). This is to be expected as the previous half-year period ran through colder UK months, which generally result in a higher demand of power and, consequently, higher average electricity sales prices. It should also be noted that the Pyebridge site was not operational during January and half of February 2023, which reduces the average electricity sales price calculated for the half-year period. Furthermore, the average price for the period under review (£126.38/MWh) is still around two times (2x) higher than the average power sales price at the time of MED's IPO in April 2021 (i.e., around £66).

Bordesley (5 MW site in early construction)

As part of the existing £30.59/kW/year T-4 Capacity Market contract that Bordesley has in place, the site reached a Financial Commitment Milestone ('FCM') at the end of February 2023, which means that more than 10% of the total required capital expenditure has been spent on the site.

The Company has worked with its Engineering, Procurement and Construction ('EPC') contractor, Clarke Energy Ltd ('Clarke'), to review and renegotiate the initial EPC offer supplied for the Bordesley project. Consequently, an updated quotation has been received with a decreased total cost of 13.56% compared to the previous EPC offer.

The Bordersley site currently has planning consent, updated offers for EPC and Scope of Works ('SoW'), offers for Operations and Maintenance ('O&M') and gas connection, grid connection and a construction management plan in place. Furthermore, construction works has been initiated at the site and the Bordesley project is now only awaiting project funding to move forward with its construction phase. Upon finalisation of the funding agreement the Bordesley project will immediately continue with construction.

Rochdale (4.4MW fully shovel-ready site)

Like Bordesley above, the Company has worked with its EPC contractor, Clarke, to review and renegotiate the initial EPC offer supplied for the Rochdale Project, and an updated quotation has been received from Clarke with a decreased total cost of 14.23% compared to the original EPC offer.

In May 2023, a significant milestone was reached at Rochdale, with the local Council finalising its thorough and robust review of the site's design and construction documents and officially granting the site with Planning Consent. With the conclusion of this stringent evaluation process, construction activities may commence. Therefore, and as with the Bordersley project, the Rochdale project has planning consent, updated offers for EPC and SoW, offers for O&M and gas and grid connections, and a construction management plan in place. The site is fully shovel-ready and awaiting project funding to move into the construction phase.

Hindlip Lane (7.5 MW site in early construction)

Some initial pre-construction work was started at the entrance to the site to meet planning consent requirements. The Certificate of Lawful Commencement has been applied for and is expected in August 2023.

To proceed to engine installation as provided in the EPC SoW, the Company has liaised with its EPC contractor, Clarke, to receive a full EPC and O&M offer, which is now in place. This - along with the planning consent, gas connection offer, grid connection offer and construction management plan – are all in place and Hindlip Lane is fully shovel-ready and awaiting project funding to move into construction. Upon completion of the anticipated investment, the Hindlip Lane project will immediately continue with its construction phase.

Stather Road (2.5 MW site)

The Stather Road project is progressing as a long-term leasehold agreement is in place. Formal grid connection offers having been secured previously as well as a gas connection offer. Planning Consent has also been granted, with some amendments to follow to incorporate the use of Jenbacher engines.

Project Funding

As stated above, most of MED's sites under development are either in early-stage construction or ready for construction, subject to securing project capex funding. In order to address this key next step in these projects' development lifecycle in order to get each project into production as quickly as possible, it is envisaged that the new JV investment will be utilised to fund some or all of these projects.

Pipeline Sites

The Company is continuously looking to identify and assess attractive additional reserve power sites for potential acquisition in order to further grow its asset portfolio. At the moment MED has a near-term pipeline of c.50 MW of additional sites under assessment, with around 20MW of sites in an advanced stage of due diligence and commercial negotiations. Further acquisitions will be a significant next step forward in meeting MED's objective of building a generating capacity of 300 MW in production.

Principle Risk

Refer to Note 17 of the RNS for our assessment of the Principle Risks.

Related Parties

Refer to Note 14 of the RNS for key relationships and disclosure of Related Parties.

Financial summary of the MAST Energy Developments PLC Group

The following information is included to highlight the financial performance of the Group for the six months ended.

Description	**Six (6) months ended 30 June 2023 (Unaudited)**	**Six (6) months ended 30 June 2022 (Unaudited)**	**Year ended 31 December 2022 (Audited)**
	(£)	**(£)**	**(£)**
Revenue	198,438	305,384	1,036,743
Cost of sales	(125,008)	(260,329)	(778,802)
Administrative expenses	(472,611)	(307,818)	(921,769)
Listing and capital raising fees	(94,436)	(51,119)	(107,676)
Project expenditure	(224,667)	(337,991)	(661,079)
Impairments and fair value adjustments	(86,558)	-	(1,288,578)
Other income	128,050	-	86,558
Finance costs	(96,958)	(29,741)	(98,387)
Loss for the period	**(773,750)**	**(681,614)**	**(2,733,000)**

Group revenue is £198,438 for the six-month period ended 30 June 2023, which is mainly derived from Pyebridge at this stage, and is a decrease in comparison with the previous financial reporting period revenue of £305,384. Other income is also derived from Pyebridge, and when combined with revenue, the total income is comparable to the previous financial reporting period. As the Company's projects and operations continue to move from development to commercial production, the growth in revenue is expected to increase substantially.

The overall increase in loss period-on-period, as disclosed in the table above and in the statement of comprehensive income, is mainly owing to the following reasons:

- Increase in administrative expenses due to increased professional, legal, management and consulting services rendered during the current interim period in comparison to the previous period.
- Decrease in project expenditure as the sites neared financial close and the newly acquired sites required less expenditure during the period.
- Reversals of fair value adjustments relating to derivatives cancelled as part of the convertible loan notes reprofiled during the year.
- Increase in other income relating to an insurance claim received for loss of revenue during maintenance and improvements on the Pyebridge site.
- Increase in finance fees relating to interest on the financing agreement for the development loan and for the acquisitions that took place during 2022.

There have been no dividends declared or paid during the current interim financial period (31 December 2022: £ Nil, 30 June 2022: £ Nil).

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
b) the Directors' Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.7R (indication of important events during the six months);
c) the Directors' Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.8R (disclosure of related party transactions and changes therein); and
d) this report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this financial report and the Company undertakes no obligation to update these forward-looking statements.

Nothing in this financial report should be construed as a profit forecast.

The board of directors all confirm their combined agreement to this statement.

<u>Board of Directors</u>
Louis Lodewyk Coetzee (Non-Executive Chairman)
Pieter Krugel (Chief Executive Officer)
Paul Venter (Non-Executive Director)
Dominic Traynor (Non-Executive Director)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six (6) months ended 30 June 2023 (Unaudited) £	Six (6) months ended 30 June 2022 (Unaudited) £	Year ended 31 December 2022 (Audited) £
Revenue		198,438	305,384	1,036,743
Cost of sales		(125,008)	(260,329)	(778,802)
Gross profit		**73,430**	**45,055**	**257,941**
Administrative expenses		(472,611)	(307,818)	(921,769)
Listing and other corporate fees		(94,436)	(51,119)	(107,676)
Project expenditure		(224,667)	(337,991)	(661,079)
Impairments and fair value adjustments		(86,558)	-	(1,288,578)
Operating loss		**(804,842)**	**(651,873)**	**(2,721,161)**
Other income		128,050	-	86,558
Finance costs		(96,958)	(29,741)	(98,397)
Loss before tax		**(773,750)**	**(681,614)**	**(2,733,000)**
Taxation		-	-	-
Loss for the period		**(773,750)**	**(681,614)**	**(2,733,000)**
Other comprehensive Income/(loss)			-	-
Total comprehensive loss for the period		**(773,750)**	**(681,614)**	**(2,733,000)**
Loss for the period		**(773,750)**	**(681,614)**	**(2,733,000)**
Attributable to the owners of the parent		(773,750)	(681,614)	(2,733,000)
Attributable to the non-controlling interest		-	-	
Total comprehensive loss for the period		**(773,750)**	**(681,614)**	**(2,733,000)**
Attributable to the owners of the parent		(773,750)	(681,614)	(2,733,000)
Attributable to the non-controlling interest		-	-	-
Loss Per Share				
Basic loss per share (pence)	6	(0.34)	(0.36)	(1.36)
Diluted loss per share (pence)	6	(0.34)	(0.36)	(1.36)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	31 December 2022 (Audited)
		£	£	£
Assets				
Non-Current Assets				
Property, plant, and equipment	7	2,454,389	2,929,746	2,552,837
Intangible assets	8	1,795,683	2,745,273	1,795,683
Total non-current assets		**4,250,072**	**5,675,019**	**4,348,520**
Current Assets				
Trade and other receivables		78,565	158,235	136,801
Cash and cash equivalents		8,804	784,418	132,184
Total current assets		**87,369**	**942,653**	**268,985**
Total Assets		**4,337,441**	**6,617,672**	**4,617,505**
Equity and Liabilities				
Equity				
Called up share capital	9	232,207	188,717	217,453
Share premium account	9	12,745,924	11,682,343	12,653,607
Common control reserve	10	383,048	383,048	383,048
Warrant and share based payment reserve	10	58,424	-	-
Non-controlling interest acquired	10	(4,065,586)	(4,065,586)	(4,065,586)
Retained deficit		(7,845,528)	(5,020,593)	(7,071,778)
Attributable to equity holders of the parent		**1,508,489**	**3,167,929**	**2,116,744**
Non-controlling interest		-	-	-
Total Equity		**1,508,489**	**3,167,929**	**2,116,744**
Liabilities				
Non-current Liabilities				
Lease liability		292,826	287,721	346,674
Other financial liabilities	13	494,447		243,056
Total Current Liabilities		**787,273**	**287,721**	**589,730**
Current Liabilities				
Loans from related parties	12	1,231,535	2,302,362	1,231,535
Trade and other payables		494,100	195,162	300,325
Other financial liability	13	307,559	661,911	354,805
Lease liability		8,485	2,587	3,980
Derivative liability	13			20,386
Total Current Liabilities		**2,041,679**	**3,162,022**	**1,911,031**
Total Liabilities		**2,828,952**	**3,449,743**	**2,500,761**
Total Equity and Liabilities		**4,337,441**	**6,617,672**	**4,617,505**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share Capital	Share Premium	Warrant and share based reserves	Common Control Reserve	Non-controlling interest acquired	Retained deficit	Total
		£	£	£	£	£	£	£
Balance at 31 December 2021		**188,717**	**11,682,343**	**-**	**383,048**	**(4,065,586)**	**(4,338,778)**	**3,849,744**
Total comprehensive loss for the period		-	-	-	-	-	(681,614)	(681,614)
Balance at 30 June 2022		**188,717**	**11,682,343**	**-**	**383,048**	**(4,065,586)**	**(5,020,392)**	**3,168,130**
Total comprehensive loss for the period		-	-	-	-	-	(2,051,386)	(2,051,386)
Loan with holding company settled in shares		28,736	971,264	-	-	-	-	1,000,000
Balance at 31 December 2022		**217,453**	**12,653,607**	**-**	**383,048**	**(4,065,586)**	**(7,071,778)**	**2,116,744**
Total comprehensive loss for the period		-	-	-	-	-	(773,750)	(773,750)
Warrants issued		-	-	58,424	-	-	-	58,424
Partial settlement of convertible loan notes in shares		14,754	92,317	-	-	-	-	107,071
Balance at 30 June 2023		**232,207**	**12,745,924**	**58,424**	**383,048**	**(4,065,586)**	**(7,845,528)**	**1,508,489**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	(Unaudited)	(Unaudited)	(Audited)
	£	£	£
Cash flows from operating activities			
Loss for the period before taxation	**(773,750)**	**(681,614)**	**(2,733,000)**
Adjustments for non-cash items:			
Non-cash interest accrued	96,958	17,198	96,828
Depreciation	45,784	7,123	65,948
Impairment of goodwill		-	1,288,578
Loss / (Gain) on revaluation of derivatives	86,558		(86,558)
Warrants issued	58,424		
Other non-cash items	-	33,327	(2,085)
	(486,026)	**(623,966)**	**(1,370,289)**
Movement in working capital			
Decrease in debtors	58,236	34,773	45,043
Increase/(Decrease) in creditors	193,775	(75,507)	40,819
	252,011	**(40,734)**	**85,862**
Net cash outflows from operating activities	**(234,015)**	**(664,700)**	**(1,284,427)**
Cash flows from investing activities			
Property, plant and equipment acquired	-	(38,960)	(79,827)
Intangible assets acquired	-	-	(338,988)
Deferred payment on Pyebridge paid	-	-	(555,535)
Net cash flows from investing activities	**-**	**(38,960)**	**(974,350)**
Cash flows from financing activities			
Proceeds of issue of share capital		-	-
Lease liability repaid	(24,115)	(1,210)	(27,000)
Other financial liabilities repaid	-	(316,173)	-
Proceeds from convertible loan notes	85,800	-	650,000
Implementation fee on CLN reprofiling – non-cash item	48,950		
Loans from related parties (repaid)/received	-	-	(37,500)
Net cash flows financing activities	**110,635**	**(317,383)**	**585,500**
Net increase/(decrease) in cash and cash equivalents	**(123,380)**	**(1,021,043)**	**(1,673,277)**
Cash and cash equivalents at beginning of period	132,184	1,805,461	1,805,461
Cash and cash equivalents at end of the period	**8,804**	**784,418**	**132,184**

During the six month period, convertible loan notes to the value of £597,861 were reprofiled with no cash settlement taking place. All costs incurred in the reprofiling of the CLN were capitalised to the balance thereof. Partial settlement of the CLN to the value of £107,071 took place by way of shares issued by MAST Energy Developments PLC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Note 1: General information

MAST Energy Developments PLC ('MAST' or 'MED' or the 'Company') is incorporated in England & Wales as a public limited company. The Company's registered office is located at Salisbury House, London Wall, London, EC2M 5PS.

The principal activity of MAST, through its subsidiaries (together the 'Group'), is to acquire and develop a portfolio of flexible power plants in the UK and become a multi-asset operator in the rapidly growing reserve power market.

The Group currently has five (5) projects in its portfolio referred to as Pyebridge, Rochdale, Bordersley, Hindlip Lane (ADV 001) and Stather Road (ARL 018).

Note 2: Statement of preparation

The condensed consolidated financial statements are prepared on the historical cost basis, unless otherwise stated. The Group's accounting policies used in the preparation of condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022, except for the adoption of new or amended standards applicable from 1 January 2023, which had no material impact on the condensed consolidated financial statements of the Group.

The condensed consolidated financial statements of the Company have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Accounting Standard IAS 34, 'Interim Financial Reporting', as adopted by the UK.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2022, which has been prepared in accordance with UK-adopted international accounting standards, and any public announcements made by MED PLC during the interim reporting period.

The condensed consolidated financial statements of the Group are presented in Pounds Sterling, which is the functional and presentation currency for the Group and its related subsidiaries.

The condensed consolidated financial statements do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016.

The condensed consolidated financial statements have not been audited or reviewed by the Group's auditors thus no assurance is provided therein.

The Directors acknowledge they are responsible for the fair presentation of these condensed consolidated financial statements.

Note 3: Consolidation

The consolidated annual financial statements comprise the financial statements of MAST Energy Developments PLC and its subsidiaries for the year ended 31 December 2022, over which the Company has control.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred except the costs to issue debt, which are amortised as part of the effective interest, and costs to issue equity, which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities, which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

The Group applied merger accounting for the common control transaction that occurred during the creation of the group between Kibo Mining (Cyprus) Limited, Kibo Energy PLC and MAST Energy Projects Limited. In terms of this:

- the assets and liabilities of the acquiree are recorded at their existing carrying amounts (not fair value);
- if necessary, adjustments are made to achieve uniform accounting policies;
- intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS;
- no goodwill is recognised. Any difference between the acquirer’s cost of investment and the acquiree’s equity is presented separately directly in equity as a common control reserve (CCR) on consolidation;
- any non-controlling interest is measured as a proportionate share of the carrying amounts of the related assets and liabilities (as adjusted to achieve uniform accounting policies); and
- any expenses of the combination are written off immediately in profit or loss, except for the costs to issue debt, which are amortised as part of the effective interest, and costs to issue equity, which are recognised within equity.

Note 4: Going concern

The financial results have been prepared on the going concern basis of accounting that contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The losses incurred in the current financial period, coupled with the net current liability position the Group finds itself in as at 30 June 2023, are considered to indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

The Board has, inter alia, considered the following specific factors in determining whether the Group is a going concern:

- The total comprehensive loss for the six-month period ended 30 June 2023 of £773,150 (six months ended 30 June 2022 of £681,614 and year ended 31 December 2022 of £2,733,000);
- Cash and cash equivalents readily available to the Group in the amount of £8,804 in order to pay its creditors and maturing liabilities in the amount of £2,041,679 (of which £1,231,535 is from related parties) as and when they fall due and meet its operating costs for the ensuing twelve months;
- Whether the Group has available cash resources, or equivalent short term funding opportunities in the foreseeable future, to deploy in developing and growing existing operations or invest in new opportunities; and

- The binding JVA agreement referred to in the Directors' statement which includes a Cost Refund and a MSA to manage sites.

The short-term liquidity position the Group finds itself in is as a result of the staggered implementation approach of the underlying operations. At a point the underlying operations will positively contribute to the cash requirements of the larger Group.

In response to the net current liability position, to address future cash flow requirements, detailed liquidity improvement initiatives have been identified and are being pursued. Implementation is regularly monitored in order to ensure the Group is able to alleviate the liquidity constraints in the foreseeable future.

Therefore, the ability of the Group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters as it will address the liquidity risk the Group faces on an ongoing basis.

- Conclusion of the signed JVA agreement with the institutional investor, which is expected to be completed in quarter three of 2023.
- Further successful conclusion of funding requirements of the Group in order to complete construction of the Group's existing and/or new sites.
- Successful cash generation from the Pyebridge power-generation facilities in order to achieve net cash positive contributions to the Group.

Although there is no guarantee, the Directors are confident that the above matters will be successfully implemented and have a reasonable expectation that the Group will be able to raise sufficient financing to support its ongoing development and commercialisation activities to continue in operational existence in the next 12 months.

Note 5: Segmental reporting

The Group discloses segmental analysis based on its different operations, being Bordersley, Rochdale and Pyebridge.

30 June 2023	**Bordersley**	**Rochdale**	**Pyebridge**	**ADV001 Hindlip Lane**	**ARL018 Stather Road**	**Treasury and Investment**	**Group**
	(£)	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Revenue	-	-	198,438	-	-	-	198,438
Cost of sales	-	-	(125,008)	-	-	-	(125,008)
Depreciation	(3,918)	-	(39,817)	(1,254)	-	(795)	(45,784)
Profit/ (Loss) before tax	(46,200)	(19,893)	18,330	(12,603)	(29,698)	(683,686)	(773,750)
Total assets	**286,958**	**92,808**	**2,050,929**	**127,858**	**13,345**	**1,765,543**	**4,337,441**
Total liabilities	**(256,806)**	**(25,731)**	**(145,668)**	**(127,398)**	**(30,012)**	**(2,243,337)**	**(2,828,952)**

30 June 2022	Bordersley (£)	Rochdale (£)	Pyebridge (£)	Treasury and Investment (£)	Group (£)
Revenue	-	-	305,384	-	305,384
Cost of sales	-	-	(260,329)	-	(260,329)
Depreciation	(7,042)	-	-	(81)	(7,123)
Loss before tax	(182,661)	(42,704)	(57,832)	(398,417)	(681,614)
Total assets	**3,008,424**	**250,652**	**2,600,853**	**746,580**	**6,617,672**
Total liabilities	**(320,559)**	**(26,682)**	**(103,103)**	**(2,988,234)**	**(3,449,743)**

31 December 2022	Bordersley (£)	Rochdale (£)	Pyebridge (£)	ADV001 Hindlip Lane (£)	ARL018 Stather Road (£)	Treasury and Investment (£)	Group (£)
Revenue	-	-	1,036,743	-	-	-	1,036,743
Cost of sales	-	-	(778,802)	-	-	-	(778,802)
Impairment	(1,288,578)	-	-	-	-	-	(1,288,578)
Depreciation	(11,938)	-	(52,632)	-	-	(751)	(65,321)
Loss before tax	**(1,581,475)**	**(114,853)**	**(50,469)**	**(23,605)**	**(10,967)**	**(951,631)**	**(2,733,000)**
Total assets	**1,733,554**	**262,043**	**2,082,352**	**265,170**	**210,907**	**63,488**	**4,617,505**
Capital expenditure	17,099			57,962		4,766	
Total liabilities	**(296,984)**	**(6,897)**	**(133,650)**	**-**	**(109,898)**	**(1,953,331)**	**(2,500,761)**

As the Group currently operates solely from the United Kingdom, consequently there is no segmented disclosure with regard to different geographic areas of operation.

Note 6: Loss per share

Basic loss per share

The basic loss and weighted average number of ordinary shares used for calculation purposes comprise the following:

Basic loss per share	**30 June 2023 (£)**	**30 June 2022 (£)**	**31 December 2022 (£)**
Loss for the period attributable to equity holders of the parent	(773,750)	(681,614)	(2,733,000)
Weighted average number of ordinary shares for the purposes of basic loss per share	226,629,075	188,717,097	200,919,900
Basic loss per ordinary share (pence)	(0.34)	(0.36)	(1.36)

The Group has no dilutive instruments in issue as at period end.

Note 7: Property, plant and equipment

	Land	Plant & Machinery	Right of use assets	Computer Equipment	Total
Cost	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Opening Cost as at 1 January 2022	**602,500**	**2,011,409**	**293,793**	**-**	**2,907,702**
Additions	-	36,012	-	2,948	38,960
Closing Cost as at 30 June 2022	**602,500**	**2,047,421**	**293,793**	**2,948**	**2,946,662**
Additions	**-**	39,049	62,090	1,818	102,957
Derecognition as a result of waiver of deferred payment.	**-**	(421,041)	-	-	(421,041)
Closing Cost as at 31 December 2022	**602,500**	**1,665,429**	**355,883**	**4,766**	**2,628,578**
Change in lease	-	-	(52,664)	-	(52,664)
Closing Cost as at 30 June 2023	**602,500**	**1,665,429**	**303,219**	**4,766**	**2,575,914**
Accumulated Depreciation ("Acc Depr")	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Opening Acc Depr as at 1 January 2022	**-**	**-**	**(9,793)**	**-**	**(9,793)**
Depreciation	-	-	(7,042)	(81)	(7,123)
Closing Acc Depr as at 30 June 2022	**-**	**-**	**(16,835)**	**(81)**	**(16,916)**
Depreciation	-	(52,632)	(5,523)	(670)	(58,825)
Closing Acc Depr as at 31 December 2022	**-**	**(52,632)**	**(22,358)**	**(751)**	**(75,741)**
Depreciation		(39,817)	(5,173)	(794)	(45,784)
Closing Acc Depr as at 30 June 2023	**-**	**(92,449)**	**(27,531)**	**(1,545)**	**(121,525)**
Carrying Value as at:	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
30 June 2022	602,500	2,047,421	276,958	2,867	2,929,746
31 December 2022	602,500	1,612,797	333,525	4,015	2,552,837
30 June 2023	602,500	1,572,980	275,688	3,221	2,454,389

The Group has a lease contract for land it shall utilise to construct a 5MW gas-fuelled power generation plant. The land is located at Bordersley, Liverpool St. Birmingham.

The lease of the land has a lease term of 20 years, with an option to extend for 10 years, which the Group has opted to include due to the highly likely nature of extension as at the time of the original assessment.

The Group has another lease contract for land where it shall construct a 2.4MW gas-fuelled power generation plant. The land is located at Stather Road, Flixborough. The lease term is 25 years.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group's incremental borrowing rate ranges between 8.44% and 10.38%.

Note 8: Intangible assets

Intangible assets consist of separately identifiable assets or intellectual property (Bordersley Power), acquired either through business combinations or through separate asset acquisitions. These intangible assets are recognised at the respective fair values of the underlying asset acquired or, where the fair value of the underlying asset acquired is not readily available, the fair value of the consideration.

The following reconciliation serves to summarise the composition of intangible assets as at period end:

Group	**Rochdale Power (£)**	**Bordersley Power (£)**	**ARL018 Stather Road (£)**	**ADV001 Hindlip Lane (£)**	**Total (£)**
Carrying value as at 1 January 2021	**-**	**2,595,000**	**-**	**-**	**2,595,000**
Acquisition of Rochdale Power Ltd	150,273	-	-	-	150,273
Carrying value as at 31 December 2021	**150,273**	**2,595,000**	**-**	**-**	**2,745,273**
Acquisition of ARL018 Stather Road	-	-	91,482	-	91,482
Acquisition of ADV001 Hindlip Lane	-	-	-	247,506	247,506
Impairments		(1,288,578)			(1,288,578)
Carrying value as at 31 December 2022	**150,273**	**1,306,422**	**91,482**	**247,506**	**1,795,683**
Carrying value as at 30 June 2023	**150,273**	**1,306,422**	**91,482**	**247,506**	**1,795,683**

Intangible assets are amortised once commercial production commences over the remaining useful life of the project, which is estimated to be 20 years, depending on the unique characteristics of each project. Until such time as the underlying operations commence production, the Group performs regular impairment reviews to determine whether any impairment indicators exist.

One or more of the following facts or circumstances indicate that an entity should test an intangible asset for impairment:

- The period for which the entity has the right to develop the asset has expired during the period or will expire in the foreseeable future;
- The substantial expenditure on the asset in future is neither planned nor budgeted.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the development asset is unlikely to be recovered in full from successful development or by sale.

Note 9: Share Capital

The called-up and fully paid share capital of the Company is as follows:

	30 June 2023 (£)	30 June 2022 (£)	31 December 2022 (£)
Allotted, issued and fully paid shares			
(Jun 2023: 232,207,643 Ordinary shares of £0.001 each)	232,207	-	-
(Jun 2022: 188,717,097 Ordinary shares of £0.001 each)	-	188,717	-
(Dec 2022: 217,452,729 Ordinary shares of £0.001 each)	-	-	217,453
	232,207	**188,717**	**217,453**

	Number of Shares	Ordinary Share Capital (£)	Share Premium (£)
Balance at 31 December 2021	**188,717,097**	**188,717**	**11,682,343**
Balance at 30 June 2022	**188,717,097**	**188,717**	**11,682,343**
Partial Settlement of outstanding shareholders loan	28,735,632	28,736	971,264
Balance at 31 December 2022	**217,452,729**	**217,453**	**12,653,607**
Partial settlement of outstanding other financial liabilities	14,754,914	14,754	92,317
Balance at 30 June 2023	**232,207,643**	**232,207**	**12,745,924**

During the six months ended 30 June 2023 the Company issued shares as partial settlement of amounts due (30 June 2022: £Nil and 31 December 2022: £1,000,000).

Note 10: Reserves

Common control reserve

On 17 September 2020, the Company became the legal parent of Sloane Developments Limited following completion of the acquisition of the entire issued share capital of Sloane Developments Limited from Kibo Mining Cyprus Limited, a wholly owned subsidiary of Kibo Energy PLC. Following the completion of the acquisition, the ultimate holding company, being Kibo Energy PLC, retained control over Sloane Developments Limited.

As MED is only an investment holding company, incorporated for the purposes of raising capital funding for its investee projects, and the majority shareholder before and after the acquisition continues to be Kibo Energy PLC, the transaction is considered to be a common control transaction, outside the scope of IFRS 3, and seen as a capital reorganisation, where predecessor valuation accounting was applied with regard to the incorporation of historic financial information.

The common control reserve is the result of the predecessor valuation accounting which was applied as a result of the common control transaction.

Non-controlling interest acquired

On 31 July 2020, Sloane Developments Limited, MAST Energy Projects Limited and St. Anderton on Vaal Limited entered into the Share Exchange Agreement relating to the acquisition by Sloane Developments Limited of the remaining 40% of the issued share capital of MAST Energy Projects Limited. Under the Share Exchange Agreement, the Company will pay St Anderton on Vaal Limited the sum of £4,065,586 payable by the issue of 36,917,076 ordinary shares of £0.001 each in the Company. Completion of the Share Exchange Agreement was subject to and conditional upon the Admission of MAST Energy Developments Limited to the London Stock Exchange.

Following completion of the IPO on 14 April 2021, the Group acquired the remaining equity interest in MAST Energy Projects Limited for the consideration equal to 36,917,076 shares at a total value of £4,065,586. As the controlling stake in the entity had already been acquired, the transaction was seen as a transaction with owners and the financial impact recognised directly in equity of £4,065,586.

The rationale for the transaction was to acquire the remaining equity within MAST Energy Projects Limited in order to have the exclusive see-through equity interest in the Bordersley project, held in the form of royalty and revenue agreements between MAST Energy Projects Limited and Bordersley Power Limited, from which MED could restructure the Group through its special purpose vehicles (SPVs).

Warrant and share based payment reserve

On 18 May 2023, MAST Energy Developments PLC entered into warranty agreements with financial institutions as part of convertible loan note financial instruments.
The following warrants were in issue as at 30 June 2023:

Date of grant	Issue date	Expiry date	Exercise price	Number Granted	Fair Value
18/05/2023	18/05/2023	18/05/2026	2.00p	2,255,656	£1,219
18/05/2023	18/05/2023	18/05/2026	2.00p	2,255,656	£1,219
18/05/2023	18/05/2023	18/05/2027	0.89p	20,575,813	£16,131
18/05/2023	18/05/2023	18/05/2027	1.77p	20,575,813	£11,862
18/05/2023	18/05/2023	18/05/2027	0.89p	20,575,812	£16,131
18/05/2023	18/05/2023	18/05/2027	1.77p	20,575,812	£11,862
				86,814,562	**£58,424**

	Group 30 June 2023 Quantity	Group 30 June 2023 (£)
Opening balance as at 1 January 2023	-	-
New warrants issued	86,814,562	58,424
Closing balance as at 30 June 2023	**86,814,562**	**58,424**

Note 11: Loan from related parties

	Group 30 June 2023 (£)	Group 30 June 2022 (£)	Group 31 December 2022 (£)
Amounts falling due within one year:			
Kibo Mining (Cyprus) Limited	1,231,535	2,302,362	1,231,535
	1,231,535	**2,302,362**	**1,231,535**

The loan is unsecured, carries interest at 0% and is repayable on demand. The carrying value of loans from related parties equals their fair value due mainly to the short-term nature of the liability.

Note 12: Other financial liabilities

	Group 30 June 2023 (£)	Group 30 June 2022 (£)	Group 31 December 2022 (£)
Amounts falling due within one year:			
Convertible loan notes	307,559	-	354,805
Derivative liability	-	-	20,386
Deferred vendor liability	-	661,911	-
	307,559	**661,911**	**375,191**
Amounts falling due between one year and five years:			
Convertible loan notes	494,447	-	243,056
	494,447	**-**	**243,056**
	802,006	**661,911**	**618,247**

Deferred vendor liability

The amount due to vendors represents the balance of the purchase consideration owed in respect of the acquisition of Pyebridge Power Limited.

The deferred vendor liability was settled during the 2022 financial year by mutual agreement between the seller of Pyebridge and MED PLC. The settlement took place following agreed costs incurred by MED on behalf of the seller and the eventual waiver of the remaining amounts due in the amount of £421,041.

Convertible loan notes

Short-term loans relate to two unsecured loan facilities from the institutional investor, which are repayable either through the issue of ordinary shares or payment of cash by the Company.

These facilities have repayment periods of 18 and 24 months, respectively, for each drawdown from the facility. The facilities may be converted at the option of the note-holders once certain milestones have been met. At the financial year ending 31 December 2022, none of these milestones were met and no conversion could take place.

During the six months ended 30 June 2023, these convertible loan notes were reprofiled into one convertible loan note with interest rates of between 9.5% and 10% as agreed on between the parties based on separate advances.

Derivatives

The derivative liability is derived from the convertible loan notes. The convertible feature within the convertible loan notes enables the noteholders to convert the notes into a fixed number of shares at the Fixed Premium Payment Price ('FPPP'). This price does have variability, although the FPPP is set at the reference Price. In the event that a share placing occurs at below the reference Price, the FPPP will be the share placing price (round down - feature). The conversion includes an embedded derivative as its value moves in relation to the share price (through a placing price) and it is not related to the underlying host instrument, the debt. The effect is that the embedded derivative is accounted for separately at fair value.

The derivative was cancelled in May 2023 pursuant to the reprofiling of the loan from which it generated. The losses were reversed in the current year and the balance capitalised to the convertible loan note liability.

Note 13: Related parties

Related parties of the Group comprise subsidiaries, significant shareholders and the Directors.

Relationships

Board of Directors/ Key Management

Name	Relationship (Directors of:)
Paul Venter	PSCD Power 1 Ltd
Louis Coetzee	Kibo Energy PLC and Katoro Gold PLC
Dominic Traynor	Druces LLP
Pieter Krügel	Chief Executive Officer

Other entities over which Directors/Key Management or their close family have control or significant influence:

Kibo Energy PLC:	Kibo Energy PLC is the majority shareholder of MAST Energy Developments PLC.
Ultimate shareholder:	Kibo Energy PLC
Significant shareholders:	PSCD Power 1 Ltd Kibo Mining (Cyprus) Limited (a wholly owned subsidiary of Kibo Energy PLC)
Associated by fellow directorship:	Katoro Gold PLC

MAST Energy Developments PLC is a shareholder of the following companies and, as such, are considered related parties:

Directly held subsidiaries:	Sloane Developments Limited MAST Energy Projects Limited – liquidated during 2022 Bordersley Power Limited Pyebridge Power Limited Rochdale Power Limited ARL 018 Limited ADV 001 Limited

Balances and transactions

Name	Balance at 30 June 2023 (£)	Balance at 30 June 2022 (£)	Balance at 31 December 2022 (£)
Kibo Energy PLC – Loan from related parties owing	1,231,535	2,302,362	1,231,535
Kibo Energy PLC – Management and administration services	-	33,327	-

Note 14: Post Statement of Financial Position events

Joint venture agreement

The Company has finalised and entered into a first definitive and binding Joint Venture Agreement ('JVA') with an institutional investor-led consortium (the 'Institutional Investor').

Under the JVA, the Institutional Investor will inject all required investment capital into the Joint Venture ('JV'), with an initial expected total investment value of c. £5.9m, with no funding contribution required from MED. The completion date of the JVA has been extended and is now expected around 31 August 2023 (see RNS dated 4 August 2023).

Further, the JVA also commits both parties, as set out in MED's announcement dated 12 July 2023, to promptly finalise terms on a second joint venture that will increase the envisaged total investment value to c. £31m, with a total portfolio of low-carbon flexible gas generation peaker plants with totalling a combined generation output of up to c. 33 MW, to be developed and/or acquired, constructed and in production and income-generating under the two joint ventures ('Secondary JVA'). MED has now received the published guidance from the FCA and the FCA have confirmed that they agree with MED that entrance into the second joint venture would not constitute a reverse takeover. As such, notwithstanding the extension of completion of the first JVA as referred to above, MED will endeavour to finalise terms for the second JV promptly.

Note 15: Commitments and contingencies

The Group does not have identifiable material commitments and contingencies as at the reporting date.

Note 16: Principal risks

The realisation of the various projects is dependent on the successful completion of technical assessments, project development and project implementation and is subject to a number of significant potential risks summarised as follows, and described further below:

- Funding risks;
- Regulatory risks;
- Commodity risks;
- Development and construction risks;
- Staffing and key personnel risks; and
- Information technology risks.

Funding risks
Following the successful conclusion of an Initial Public Offering (IPO) on 14 April 2021, the Group was able to raise £5.54 million in cash resources which has been utilised to further advance the various projects of the Group for the period to date.

There can be no assurance that such funds will continue to be available on reasonable terms, or at all in future, and that projects will be completed within the anticipated timeframes to supplement cashflows through operational activities. In addition, any equity funding may be subject to shareholder approvals in line with legal and regulatory requirements as appropriate.

The Group generated revenue of £198,438 for the period ended 30 June 2023 (30 June 2022: £305,384 and 31 December 2022: £1,036,743) and had net assets of £1,508,489 as at 30 June 2023 (30 June 2022: £3,167,929 and 31 December 2022: £2,116,744). As at 30 June 2023, the Group had liquid assets in the form of cash and cash equivalent and other receivables of £8,804 (30 June 2022: £784,418 and 31 December 2022: £132,184) and £78,565 (30 June 2022: £158,235 and 31 December 2022: £136,801), respectively.

The Directors have reviewed budgets, projected cash flows and other relevant information and on the basis of this review and the rationale set out below, they have a reasonable expectation that the Group will be able to raise sufficient financing to support its ongoing development and commercialisation activities to continue in operational existence for the foreseeable future. Relevant information includes:

- The Group expects to have sufficient funds for its present working capital requirements for the foreseeable future due to the successful binding JVA that was signed as per note 14, of which the completion date is 31 August 2023.
- The Directors further continue to review the Group's options to secure additional funding for its general working capital requirements as well as project financing for commercial production-ready sites alongside its ongoing review of revenue generation from existing operations, potential acquisition targets and corporate development needs.

Although there is no guarantee, the Directors are confident that the above matters will be successfully implemented. As a result, the Directors continue to monitor and manage the Group's cash and overheads carefully in the best interests of its shareholders.

Regulatory risks
The United Kingdom power sector has undergone a number of considerable regulatory changes over the last few years and is now at a state of transition from large fossil-fuel plants to a more diverse range of power generation sources including renewables, small, distributed plants and new nuclear. As a result, there is greater regulatory involvement in the structure of the UK power market than has been the case over the last 20 years. Therefore, there remains a risk that future interventions by Ofgem or Government could have an adverse impact on the underlying assets that the Group manages and/or owns.

Commodity Risks
The assets that the Group manages and owns will receive revenue from the sale of energy to the wholesale market or to end users at a price linked to the wholesale power market price. Fluctuations in power prices going forward will affect the profitability of the underlying reserve power assets. The Group will also use its skills, capabilities and knowledge of the UK power market in order to optimise these wholesale revenues. The Group's ability to effectively manage price risk and maximise profitability through trading and risk management techniques will have a considerable impact on revenues and returns.

Development and Construction Risks
The Group will continue to develop new project sites that includes obtaining planning permission, securing land (under option to lease or freehold), and obtaining gas and grid connections. The Group will also oversee the construction of these projects where needed.

Risks to project delivery include damage or disruption to suppliers or to relevant manufacturing or distribution capabilities due to weather, natural disaster, fire, terrorism, pandemic, strikes or other reasons that could impair the Groups ability to deliver projects on time.

Failure to take adequate steps to mitigate the likelihood or potential impact of development and construction setbacks, or to effectively manage such events if they occur, could adversely affect the

Group's business or financial results. There are inherent risks that the Group may not ultimately be successful in achieving the full development and construction of every site and sunk costs could be lost. However, the risk is mitigated as the Group targets shovel ready sites that adhere to specific requirements, coupled with an experienced senior management team.

Staffing and Key Personnel Risks
Personnel are our only truly sustainable source of competitive advantage and competition for key skills is intense, especially around science, technology, engineering and mathematics (STEM) disciplines. While the Group has good relations with its employees, these relations may be impacted by various factors. The Group may not be successful in attracting, retaining, developing, engaging and inspiring the right people with the right skills to achieve our growth ambitions, which is why staff are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the Group.

Information Technology Risks
The Group relies on information technology ('IT') in all aspects of its business. Any significant disruption or failure, caused by external factors, denial of service, computer viruses or human error could result in a service interruption, accident or misappropriation of confidential information. Process failure, security breach or other operational difficulties may also lead to revenue loss or increased costs, fines, penalties, or additional insurance requirements. The Group continues to implement more cloud-based systems and processes, and improve cyber security protocols and facilities to mitigate the risk of data loss or business interruption.

Note 17: Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Estimation uncertainty:

Information about estimates and assumptions that may have the most significant effect on recognition and measurement on assets, liabilities and expenses is provided below:

Impairment assessment of investments in subsidiaries, property plant and equipment and intangible assets

In applying IAS 36, impairment assessments are performed whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable.

A cash-generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating the cash flows, management bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. The discount rates used reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

During the period no impairments have been identified.

Useful life of intangible assets
Amortisation is charged on a systematic basis over the estimated useful lives of the assets after taking into account the estimated residual values of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Useful life of property, plant and equipment
The depreciable amounts of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect of the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposing the asset, after deducting the estimated costs of disposal. If an asset is expected to be abandoned, the residual value is estimated at nil. In determining the useful lives of assets, management considers the expected period of use of assets, expected physical wear and tear, legal or similar limits of assets such as rights, condition and location of the asset as well as obsolescence.

Environmental rehabilitation provisions
The Company recognises that its activities require it to have regard to the potential impact that it, its subsidiaries and partners may have on the environment. Where energy development projects are undertaken, care is taken to limit the amount of disturbance and where any remediation works are required, they are carried out as and when required.
Once commercial production is undertaken, the Group ensures adequate provisions or rehabilitation, and decommissioning is made in accordance with the relevant laws and regulations.

Warrants
For such grants of share options or warrants qualifying as equity-settled share-based payments, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options or warrants were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options or warrants that are likely to vest, except where forfeiture is only due to market-based conditions not achieving the threshold for vesting.

Critical judgements:

Information about critical judgements that may have the most significant effect on recognition and measurement on assets, liabilities and expenses is provided below:

Going Concern
The Groups current liabilities exceed its current assets as at 30 June 2023, mainly due to the loans from related parties to the amount of £1,231,535 which contributes significantly to the material uncertainty related to the going concern assumption applied in preparation of the financial statements. In determining whether or not the Group is able to continue as a going concern for the foreseeable future, management applies judgement in identifying the matters that give rise to the existence of the material uncertainty and in developing responses thereto in order to address the risk of material uncertainty. Refer Note 4.

Note 18: Financial instruments - Fair value and risk management

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes.

The carrying values of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

The Group does not carry any financial instruments measured in the statement of financial position at fair value at 30 June 2023 nor did it carry any financial instruments measured at fair value at 31 December 2022 and 30 June 2022.