MAST ENERGY DEVELOPMENTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEX

CORPORATE DIRECTORY

BOARD OF DIRECTORS:	Louis Lodewyk Coetzee (Non-executive Chairman) Pieter Krügel (Chief Executive Officer) Paul Venter (Non-Executive Director) Dominic Traynor (Non-Executive Director)
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STOCK EXCHANGE LISTING:	London Stock Exchange: Main Market (Share code: MAST)
WEBSITE:	www.med.energy
DATE OF INCORPORATION:	17 September 2020
REGISTERED NUMBER:	12886458

CHAIRMAN'S REPORT

I am pleased to provide a review of MAST Energy Developments PLC ('MED' or the 'Company') and its subsidiaries (collectively, the 'Group') activities and audited financial statements for the year ended 31 December 2023.

The last year has seen the Company continue to pursue its business strategy to expand its operations in the flexible power market in the United Kingdom, with the objective to reach a 300 MW portfolio within 36-58 months by acquiring, developing and operating multiple small-scale flexible power generation plants across Great Britain. This strategy was set to receive a significant boost with the signing of a joint venture agreement with an institutional investor-led consortium, led by Seira Capital Ltd ("Seira") in May 2023. The agreement provided for an initial injection of £5.9m into the joint venture company (JV 1) and a commitment to finalise terms on a second joint venture (JV 2) which would inject a further £25.1m of joint venture funding. Together JV 1 and JV 2 would comprise a total portfolio of low-carbon flexible gas generation peaker plants with a total combined generation output of up to c. 33 MW, to be developed and/or acquired, constructed and in production and income generating within 18 months. Regrettably, the Company faced unanticipated challenges in closing the joint ventures and availing of the JV funding during 2023, as a result of non-performance, initially by Seira, and then by Proventure Holdings limited ("Proventure") who stepped in as the lead-investor when Seira failed to fulfil their contractual obligations under JV 1. Unfortunately, having given both Seira and Proventure every opportunity to fulfil their contractual obligations under the joint ventures and in the absence of no joint venture funding materialising, we were left with no choice but to terminate both joint ventures .

The Company did however manage to successfully secure alternative funding under a loan facility for up to £4m with institutional investor, RiverFort Global Opportunities PLC Limited, further to an agreement signed with MED subsidiary Pyebridge Power Ltd ("Pyebridge") on 28 February 2024. This funding enabled the Company to take Pyebridge out of care and maintenance with operations at Pyebridge set to re-commence later in 2024.

In spite of the funding setbacks referred to above good progress was made with pre-development activities at the Company's remaining projects. In May 2023, we received planning consent from the local council for Rochdale, thus ensuring that this project now enjoys construction-ready status. During February 2023 MED was also successful in obtaining T-1 and T-4 Capacity Market ("CM") contracts for Pyebridge at tariffs of £60/kW/pa for the T1 and a record tariff of £63/kW/pa for the T-4. We are particularly pleased with the fact that the T-4 contract replaced a previous T4 contract priced at £8/kW/pa.

During its initial 9-month period of operation as a gas-fuelled flexible power plant from March to November 2022, Pyebridge delivered exceptional returns, including outperforming the market sales price by 88% and thus validating the Company's strategy and ability to outperform the market principally as a result of astute utilisation of trading algorithm, in conjunction with its PPA Route-to-Market partner, Statkraft (see RNS announcement dated 27 February 2023). During 2023, continuation of the exceptional returns at Pyebridge were interrupted by technical and market related challenges. These challenges included the necessity for remediation work at Pyebridge following a fire incident which resulted in a temporary suspension of operations in the period 22 November 2022 to 17 February 2023. This work was implemented to ensure that the site continues to operate within required safety and regulatory parameters. Pyebridge also faced some market related head winds during 2023 with the yearly average electricity prices significantly less at £94.48/MWh (2022: 174.96 MWh). It was decided to put Pyebridge into care and maintenance, in preparation for a significant overhaul work programme planned for the site's engines in October 2023 and the realistic expectation at the time, of significant investment flowing into MED that would not only have allowed for the refurbishment of the Pyebridge site, but also the concurrent construction and commissioning of several of MED's remaining projects not yet in production .

During 2023 work however continued on various fronts within MED and we continued to liaise with our EPC contractors, gas and grid connection providers and all other stakeholders on our Bordersley, Hindlip, Rochdale and Stather sites to ensure they remain in good standing pending resumption of construction at Bordersley and commencement of construction at Hindlip and Rochdale once funding is available. The Company continues to source and conduct due diligence on potential shovel-ready and operating sites that meet its investment criteria, with several flexible-power site acquisition opportunities currently under review.

With regards to corporate matters, MED was able to successfully agree a reprofiling of the outstanding balances on MED's two existing loan facilities held through an institutional lender group during May 2023. The aggregate balance outstanding on two existing loans amounting to £729,750 was transferred as an initial advance on a new loan agreement (the 'Reprofiling Agreement') and an additional advance on one of the existing loans of £100,000 was availed to MED in conjunction with the signing of the Reprofiling Agreement. The terms of the Reprofiling Agreement afforded MED additional funding assistance during 2023 and was particularly welcome considering the non-receipt of the Seira and Proventure investment.

CHAIRMAN'S REPORT

MED also issued an additional 46,401,338 new shares during 2023 comprising 14,754,914 (value of £107,072) in respect of conversions by the institutional investors of a portion of outstanding balance under the Reprofiling Agreement and 31,646,424 (value of £468,999) as part payment in shares of the outstanding balance on a loan account with MED's major shareholder, Kibo Energy PLC.

The impact of the evolving UK Government response to climate change and changes to the regulatory environment, as well as the ongoing conflicts in the Ukraine and the Middle East are current events that may result in continued volatility in energy prices for the foreseeable future. MED remains confident and optimistic that our corporate strategy remains on point and that the Company will be able to deliver positive results with its robust projects portfolio over the course of the next 12 months and beyond.

In conclusion I would like to thank Pieter Krügel and his management team for their ongoing execution of the MED business strategy in what has proved to be an extremely challenging period during 2023, especially when considering all the unforeseen negative external events they were challenged with. Together with the other members of the MED board, I look forward to supporting them as we build towards our target of 300 MW of flexible power available to the UK energy market over the next few years.

This report was approved on 29 April 2024 and signed by:

Louis Coetzee
Non-Executive Chairman

REVIEW OF OPERATIONS

Introduction

For the year 2023, electricity prices in Great Britain once again mirrored the trend of wholesale gas prices. This pattern emerged due to the mild winter conditions and ample gas storage levels across Great Britain and continental Europe at the conclusion of 2022. Consequently, gas prices steadily declined throughout the year as concerns regarding supply alleviated. However, sporadic surges occurred later in the year in response to various events, including strike actions at an Australian Liquified Natural Gas (LNG) facility, the announced closure of the Groningen gas fields, the outbreak of war in Israel, and damage to the Baltic Connector gas pipeline.

Great Britain witnessed a decrease in average electricity demand compared to preceding years, driven by elevated prices and mild weather conditions. The average domestic demand in Great Britain decreased to 26.0GW in 2023, down from 26.6GW in 2022. Monthly demand levels were lower than in previous years, except during the initial Covid lockdown period in 2020, although demand in Q4 was slightly higher than the corresponding period in 2022. Excluding imports, the average domestic generation in Great Britain decreased by 2.6GW from the 32.0 GW recorded the previous year.

Total renewable generation reached a historic high of 129.0TWh, with wind energy constituting 61% of the renewable output, followed by solar energy at 19%. Wind generation in 2023 reached unprecedented levels, totaling 79.2TWh. Primarily due to this significant increase in renewable generation, average Day-Ahead electricity prices declined by 54% year-on-year to £94.48/MWh, with prices during peak and off-peak settlement periods experiencing a similar decline. Due to the operational issues at the end of 2022 and the start of 2023, and our later decision to put our Pyebridge generation facility into care and maintenance (see Project Details below), it was only commercially operational between February and September 2023, but still managed to achieve an average yearly electricity sales price of £96.78/MWh, slightly outperforming the market average for the entire year. The average electricity sales price at Pyebridge for only the months it was operational, being February to September 2023, was £145.18/MWh, thereby outperforming the market average (for the same period) of £94.21/MWh by 51.4%.

In addition to our current project portfolio, we are actively evaluating and carrying out due diligence on several other flexible-power site acquisition opportunities, some of which we hope to have significant updates and acquisition announcements about during 2024.

I present below further details on our current projects and future plans.

Project Details

Pyebridge

Following the successful execution of a turnaround plan (which was specifically developed to address the results of the incident on Engine 1 at the end of 2022), Pyebridge resumed full-scale production and export of electricity during February 2023, with the start-up of Engine 1. Much attention was put into finalising the commissioning of Engine 2, with a core focus of getting it to continuously operate at full load. Engine 2 officially began to operate at full load in May 2023. Engines 1 and 2 continued to operate until the end of September 2023, whereafter significant overhaul works were planned on all three reciprocating gas-fired engines. In preparation for these works, and considering the anticipated signing of the Joint Venture Agreement ('JVA') with Proventure Holdings (UK) Ltd ('Proventure') at that time (see RNS dated 23 October 2023) with the necessary capex funding imminent, and given the fairly low level of market demand and the fairly high level of operational cost of the old engines (pre overhauls) it was decided to put the site under care & maintenance (see RNS dated 1 December 2023). Engine 3 remained non-operational for the entire 2023 due to various parts being taken from it as part of the Turnaround Plan on Engines 1 and 2.

Key activities actioned at Pyebridge during the reporting period include Earthing studies, High Voltage studies, Low Voltage wiring tests, removal of entire fire detection and alarming system and replacement with improved and modernised system, gas piping tightness tests and a full engine control system parameter review.

During the period from January to mid-February 2023 the site was non-operational which contributed to a significantly lower average electricity price for the entire half-year period. Furthermore, the average electricity price for the first half of 2023 (£126.38/MWh) is still around 2x higher than the average power sales price than at the time of MED's IPO in April 2021 (i.e. around £66/MWh).

REVIEW OF OPERATIONS

Total consumption of electricity in Quarter 2 fell to its lowest value since 2020, when the first Covid-19 lockdown substantially reduced demand. Consumption in all sectors fell in line with this change, with the domestic sector being the most affected, down 7.7%. During the same period, record levels of solar generation was attained, however, lower wind speeds led to an overall reduction in generation from renewables, down 11% compared to the same period last year, and contributing 42.1% of the UK's total generation share.

Electricity demand decreased to its lowest value yet in Quarter 3 of 2023, with a decrease of 1.9% compared to the same period the previous year. Similarly, electricity generation also decreased substantially, down 13%. The difference was accounted for by net imports of 3.9TWh, in contrast to Quarter 3 2022 when the UK was a net exporter of electricity. During the same quarter, low carbon sources contributed to 60.1% of the total electricity generated, a 9.9% increase. This was primarily driven by a large increase in wind generation.

The Pyebridge average electricity sales price for the period from July to December 2023 was £80.63/MWh. This is around the same as the market average of £80.55/MWh for the same period, primarily due to the engines being put in care and maintenance for a large part of Quarter 4, along with the decrease in demand from the market.

It is anticipated that the average electricity revenue will increase significantly once the necessary capex funding has been secured and the planned overhauls on the site's reciprocal gas engines have been executed.

The T-1 Capacity Market ('CM') contract for Pyebridge, secured at a clearing price of £60.00/kW/annum, started on 01 October 2023, with the first monthly payment of c. £25k received in December 2023. To keep receiving this monthly payment, the site needed to prove Satisfactory Performance Days ('SPD') by the end of April 2024, which would require Engine 1 and 2 being taken out of care & maintenance and being put back online. This was made possible without full overhaul by executing an initial works programme. The SPDs were successfully completed during the third week of April 2024.

The T-4 CM contract for Pyebridge, which was secured at a clearing price of £63.00/kW/annum, is scheduled to start on 01 October 2026.

Bordersley

As part of the existing 15-year T-4 Capacity Market contract that Bordersley has in place, which is valued at £30.59/kW/annum, 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 site is in the early construction, with the only remaining element being to secure capex funding, whereafter the Company will expedite the Project's construction phase. Subject to successful completion of the associated funding process, it is anticipated that Bordersley will be fully constructed, commissioned and in revenue generation within 9 to 12 months from the start of construction.

With the immediate next step being construction, the Company reviewed and renegotiated the initial Engineering, Procurement and Construction ('EPC') quotation, and an updated offer has been received, with a decreased total cost of 13.56% compared to the original EPC quotation.

Rochdale

Like Bordersley, Rochdale site also remains shovel-ready, with the only remaining element being to secure capex funding and reaching Financial Close, whereafter the Company will expedite the Project's construction phase. Subject to successful completion of the associated funding process, it is anticipated that Rochdale will also be fully constructed, commissioned and in revenue generation within 9 to 12 months from the start of construction.

Along with the EPC offer of Bordersley, the company also reviewed and renegotiated the EPC quotation for Rochdale, which led to a decreased total cost of 14.23% compared to the original EPC quotation.

REVIEW OF OPERATIONS

Hindlip Lane

To meet planning consent requirements, some initial pre-construction work was started at the entrance to Hindlip Lane, our 7.5 MW site located in Worcester. The Certificate of Lawful Commencement was received in Q1 2024. Furthermore, our EPC contractor has reviewed and updated the EPC configuration and a quotation for this, along with a quotation for the Operations and Maintenance ('O&M') of the site, has been received.

This means that, along with the existing valid gas- and grid connections, Hindlip lane is fully shovel-ready and awaiting further funding to proceed to construction.

Upon receipt of the anticipated funding, Hindlip Lane will immediately enter construction, with an expected total EPC lead-time to Commercial Operation Date ('COD') within 9 to 12 months from the start of construction.

Stather Road

Northern Power Grid, the site's grid connection Distribution Network Operator ('DNO'), has informed the Company that the earliest connection date with regards to the electrical grid at Stather Road will potentially only be October 2025. This is due to upgrade works at the nearby Keadby Power Station.

Apart from keeping the site and its relevant rights in good standing, no further action will be taken at Stather Road until 2025. Management will continue to follow-up with the DNO to see if an earlier grid connection date is achievable in due course.

Other Projects

Several sites were evaluated, thoroughly reviewed, and considered during the reporting period to ensure that a viable pipeline of site remain available for future acquisition. The Company do not currently have any acquisitions in process, however, we aim to add more sites to our portfolio shortly after construction of the sites mentioned above has progressed.

This report was approved by the Board on 29 April 2024 and signed on its behalf by:

Pieter Krügel
Chief Executive Officer

STRATEGIC REPORT

Introduction

The Board of Directors (the 'Board') present their strategic report together with the audited financial statements for the year ended 31 December 2023 of MAST Energy Developments PLC (the 'Company' or 'MED') and its subsidiaries (collectively, the 'Group'). The Company was incorporated and registered in England and Wales on 17 September 2020 with company number 12886458 as a private limited company under the Companies Act 2006 with the name MAST Energy Developments Limited. The Company re-registered as a public limited company on 18 November 2020 and changed its name to MAST Energy Developments PLC.

The Board considers that there is an appropriate balance between the executives and non-executive directors and that no individual or small group dominates the Board's decision-making. The Board's members have a wide range of expertise and experience that the Board considers to be conducive to the effective leadership of the Group and to the optimisation of shareholder value.

The Board members' diverse range of skills and experience span technical, financial, operational, and legal areas relevant to the management of the Company. Summary biographies of each Board member are shown on the Company's website at www.med.energy.

As the Group evolves, the Board composition will be reviewed to ensure appropriate expertise is always in place to support its business activities. While the Board is all male at the date of this report, it is committed to fair and equal gender opportunity and fostering diversity, subject to ensuring appointees are appropriately qualified and experienced for their roles. The Group acknowledges that as it expands its operations, it will be to its benefit to align the composition of its Boards and profile of its management and staff to reflect balance in the ethnicity and gender of its personnel.

Analyses of gender of Group personnel during reporting period:

	Identify as Male	Identify as Female	Identify as Other
Board	4	0	-
Management	3	2	-
Employees	No direct employees	No direct employees	No direct employees

Strategy Objectives and Business Model

The Group maintains a focused strategy to acquire advanced power generation assets of varying capacity and to develop its targeted sites to fully commercially operating units, exploiting a growing niche market in the UK for flexible power generation to balance out the UK National Grid (the 'Grid) at critical times. The power generation assets being acquired and developed are peaker power plants fuelled by gas-fuelled reciprocating engines with typical outputs of 5 to 20 MW. The Group's 5 MW Bordersley project, (under construction) and its 9 MW Pyebridge project (currently under care and maintenance) are examples. The company also intends to acquire and/ or develop battery-storage sites (either stand-alone or co-located with its peaker plants) where grid power is stored in periods of low demand to be fed back into the Grid at periods of peak demand. The company does not have any battery-storage sites in development or operation presently.

The Group structure is maintained through a group of subsidiary companies (Special Purpose Vehicles or 'SPV'), each SPV holding one site. MED's five current sites are held within Pyebridge Power Ltd (Pyebridge Project – production site), Bordersley Power Ltd (Bordersley Project – construction site), Rochdale Power Ltd (Rochdale Project – development site), ADV 001 Limited (Hindlip Lane – development site) and ARL 018 Limited (Stather Road – development site), respectively. MED will provide flexible power solutions that are adaptable, respond immediately to demand and create multi-stream revenues. Targeting this market, MED is structured to acquire, own, develop and operate a portfolio of projects of flexible, small-scale power generation plants throughout the UK totalling c. 30 – 40 MW in the short term and a target of expanding to 300 MW over three to six years.

Trends and Factors Affecting the Operation of the Group

Since 2007, the development of the UK electricity market has been driven by the policy trilemma of affordability, security of supply and low-carbon generation. While the relative importance of these three pillars has changed

STRATEGIC REPORT

through successive governments, it has created a UK generation mix that is slowly moving away from base-load, fossil-fuel generation driven by coal and gas to more intermittent, low-carbon generation of wind and solar. This has created an exciting and immediate opportunity of scale in the UK electricity market to provide flexible, or reserve, power to compensate for the increased intermittency of electricity generation from wind and solar energy technologies. In addition, the phasing out of base-load technologies such as coal and large gas generation, and, over the next few years, large legacy nuclear plants, has reduced the amount of existing generation that can respond flexibly and has created substantial requirements for new capacity. Renewables are also undermining the economics of existing and new large gas-fired plants. Therefore, the overall structure of the UK's power generation requirements is fundamentally changing, with a greater requirement for smaller, flexible plants that are distributed on the electricity network. The UK Government policy has steadily moved in the direction of encouraging the development of small-scale distributed generation that can serve as quick-start back-up in times of a shortage in production from the increasing dependence on renewables. Various revenue mechanisms exist to monetise these plants, including capacity market auctions, short-term reserve and merchant operation, all of which can be optimised by an experienced team.

The Group has positioned itself to partake in, and adapt, to this dynamic UK electricity market by structuring its power generation projects to participate in all revenue-generating opportunities available to it to ensure maximum return on its investment.

The Board believes that in the future, there will continue to be significant expansion of renewable generating capacity in the UK. The UK Government's target of net-zero greenhouse emissions by 2050 (COP26 Climate Conference 2021) presents unique and solid opportunities for electricity production through the use of low-carbon technologies other than wind and solar.

Based on the above projections, the Board believes there are attractive opportunities for the Group to rapidly increase its project portfolio over the coming years to meet the increasing demand for small, flexible electricity generation to support the stability of the grid as renewables dominate the energy generation mix.

Review of Operational Activities During the Period

During the current 12-month period ended 31 December 2023, the following is a summary of the Group's activities:

- Pyebridge:
  - Data available in January 2023 showed that following commissioning of the site during March 2022, electricity output for the following ten-month period to, and including December 2022, was c. 2,738 MWh which resulted in sales revenue of £1.037m at an average electricity sale price of £385 /MWh (an 88% premium to the market wholesale electricity price of £204/MWh for the same period).
  - Generation continued throughout most of 2023, with an average sales price of £96.78/MWh which was significantly lower than during the initial 10-month period of production due to a significant reduction in the base wholesale electricity price compared to 2022. In 2023 generation was halted during the one and a half month shut down of the Pyebridge generating facility for safety and regulatory inspection and maintenance following a fire incident.
  - T-1 and T-4 Capacity Market ("CM") contracts were secured for Pyebridge at tariffs of £60/kW/pa for the T-1 and a record tariff of £63/kW/pa for the T-4. The Board believes these contracts will contribute to enhancing the medium to long-term revenue generating potential of the site. The T-1 Contract at Pyebridge officially started on 1 October 2023 with payments commencing in December 2023.
  - The site was put into care and maintenance as announced in the RNS dated 1 December 2023 in preparation for major over-haul of generating engines which, when complete, will optimise the generation, efficiency, and profitability potential of the site.

- Bordersley:
  - The grid and gas connection offers secured in 2022 have been kept in good standing pending re-commencement of construction at the site.
  - The Engineering, Procurement, and Construction ('EPC') solution with Clarke Energy has been agreed subject to price review prior to re-commencement of construction.
  - A T-4 Capacity Market contract secured in April 2022 at a price of £30.59/kW/year is being kept in good standing with the relevant regulatory authority in anticipation of construction completion and production start on or before October 2025.
  - Funding is awaited to complete construction.

STRATEGIC REPORT

- Rochdale:
  - Planning consent was granted in May 2023 and the Project is now construction ready.
  - Grid- and gas connection offers are in place and being maintained in good standing.
  - The Engineering, Procurement, and Construction ('EPC') solution with Clarke Energy has been agreed subject to price review before construction.
  - Funding is awaited to commence construction.

- Hindlip Lane
  - Planning consent is being maintained in good standing, with some amendments to follow to incorporate the use of Jenbacher gensets at the sites.
  - Certificate of Lawful Commencement (Planning) applied for following some preliminary construction work at the site during 2023. The certificate was received in Q1 2024.
  - Formal grid and gas connection offers are in place.
  - Quotations for the Engineering, Procurement, and Construction ('EPC') solutions have been received and are being reviewed.

- Stather Road
  - Planning consent is being maintained in good standing, with some amendments to follow to incorporate the use of Jenbacher gensets at the site.
  - Formal grid and gas connection offers are in place and the company continues to liaise with respective DNOs to clarify certain technical aspects of the secured grid connection and when they can be availed of.
  - Quotations for the Engineering, Procurement, and Construction ('EPC') solutions have been received and are being reviewed.

Review of financial performance during the period

The following information is included to highlight the financial performance of the Group:

Description	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Revenue	341,207	1,036,743
Cost of sales	(223,838)	(778,802)
Administrative expenses	(941,941)	(921,769)
Listing and capital raising fees	(464,853)	(107,676)
Project expenditure	(343,718)	(661,079)
Impairment	(1,857,604)	(1,288,578)
Other income	40,375	86,558
Finance income	1,117	-
Finance cost	(90,139)	(98,397)
Loss for the period	(3,539,394)	(2,733,000)

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

- Revenue decreased due the Pyebridge site that undergone fire and safety improvements and inspections following a fire incident in 2022, and the site being put in care and maintenance toward the end of 2023 to prepare for the planned overhauls per the JV agreements. This also directly resulted in the decrease in cost of sales.
- The start of the Pyebridge T-1 Capacity Market contract in October 2023 increased revenue earnings.
- Project expenses were lower in 2023 as the sites did not require as much investment than in 2022 since the majority of sites are awaiting funding to commence/continue construction.
- The increase in listing costs are mainly due to shares that were issued on two separate occasions during 2023 as described in note 15.
- The impairment expense in 2022 was high due the pressure on the UK economy which influenced the assumptions used by management for the impairment assessment. The impairment expense in 2023 is largely due to and reflects the current market conditions, most notably the high inflation and interest rate environment. These conditions have already started easing globally and in the UK and we do not expect that it will materially impact our ability to attract future investments and capex

STRATEGIC REPORT

funding for our projects. MED's projects deliver and essential product to the UK market which is in short supply. The impairment relates to the carrying value of the property, plant and equipment and intangible assets related to the Bordersley site (c.£1.6m) and Stather Road site (c. £ 208k). It should be considered that since not all the projects are in construction yet management had to make judgments and estimates as described in note 11. The value of assets may increase when construction is started and estimates that are included in the calculation can be replaced with known information.

Key Performance Indicators

Management does not consider there to be any key financial key performance indicators ('KPIs') at this stage of its development, other than the loss per share for the period, which is included in the statement of comprehensive income.

As and when operational activities increase, management will reconsider the key financial KPIs and update the necessary disclosures accordingly.

Non-financial KPIs comprises the measure of advancement with respect to the various key projects over the medium to long term. The Group's target, as originally stated in its listing Prospectus in April 2021, was to have rolled out sites totalling 50 MW capacity within 12 months as part of its Phase 1 development pipeline. This target has not been met, initially due to delays caused by the impacts of COVID-19 on the Bordersley project and knock-on operational issues and challenges over 2022 and 2023 as more fully explained in the Review of Operations on pages 5 to 7. The Group did not have any projects in production at year-end following placing its 9 MW Pyebridge site in care and maintenance as announced in the RNS dated 1 December 2023. Pyebridge has been put in operation after year-end. It currently has an additional 3 projects totalling 19 MW in development.

During 2023, the Group expected to have an additional 12 MW in production as well as intent on acquiring and commencing development of an additional 20 MW in its pipeline (2023 Development Targets). These targets were not achieved primarily due to non-delivery of contractually committed funding to the Group, initially following the JV agreement signed in July 2023 with Seira Capital Limited ("Seira") and again following the signing of the replacement JV signed with Proventure Holdings (UK) Limited ("Proventure") in October 2023. This non-fulfilment of contractually agreed terms by Seira and Proventure for agreed joint venture funding meant that MED could not progress on its total 32 MW development pipeline and keep it in good standing during 2023. Some projects that the Company was at an advanced stage of negotiation for acquisition had to be relinquished. The Company's existing development pipeline now stands at 19 MW.

The Company has terminated the Seira and Proventure joint ventures in February 2024 and is currently implementing its rights under the terms of the Proventure joint venture to recover costs and penalties for breach of contract. Meanwhile, it has availed of funding under a loan facility for up to £4m with institutional investor, RiverFort Global Opportunities PCC Limited, further to an agreement signed with MED subsidiary Pyebridge Power Ltd on 27 February 2024. This funding, of which the initial tranche of £0.45m was drawn down on 28 February 2024, is being primarily used to complete the overhaul of the generating engines and ancillary equipment at the Pyebridge site to get the site back in operation and generating revenues as soon as possible. A portion of this funding will also be available to MED for maintaining its other projects in good standing, creditor settlements and for general corporate overheads. Following re-commencement of operation at Pyebridge later in 2024, the Company intends to resume working towards its postponed 2023 Development Targets on its other sites commensurate with project funding availability.

Risks and Uncertainties

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

- Funding risk
- Regulatory risk
- Commodity risk
- Development and construction risk
- Staffing and key personnel risk
- Information technology risk
- Successful subordination of the Kibo Mining (Cyprus) Limited loan, resulting in the deferral of loans payable in the foreseeable future beyond a 12-month period after sign off of these financial statements.

STRATEGIC REPORT

Funding risk
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, which was utilised to further advance the various projects of the Group to date. During 2022, the Group raised a further £650 000 for acquisitions and general working capital purposes and availed of a further £100,000 during 2023 under the reprofiled loan with institutional investors agreed in May 2023.

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. This risk was realised to a significant extent during 2023 where anticipated funding from the Seira and subsequently, Proventure joint venture agreements, did not materialise and has delayed the Company's anticipated timeframes for project completion.

The Group generated revenue of £341,207 for the period ended 31 December 2023 and had net a liability position of £384 509 as at 31 December 2023 (31 December 2022: net assets of £2,116,744)). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other receivables of £252 and £122,649 (year to 31 December 2022: £268,985), respectively.

The Directors have reviewed budgets, projected cash flows and other relevant information, and based on this review and the rationale set out below, they are confident that the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

The budgets and projected cash flows is reliant on a successful drawdown on a current facility, as well as bringing Pyebridge back into production no later than 30 April 2024 and successful electricity generation thereafter. Unforeseen challenges with either of the aforementioned cause a risk that the Company may not be able to meet its current liabilities without another cash injection. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors 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 anticipated revenue generation from existing sites, potential acquisition targets and corporate development needs. The Directors are confident that such funding will be available, although there is no guarantee of such funding. In addition, any equity funding may be subject to shareholder approvals and in line with legal and regulatory requirements as appropriate.

As a result, the Directors continue to monitor and manage the Group's cash and overheads carefully in the best interests of its shareholders and believe that the Company and the Group and by successfully implementing the above responses it will remain a going concern for the foreseeable future.

Regulatory risk
The United Kingdom power sector has undergone several 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. The Company continually monitors this risk and, where possible, acts proactively to anticipate and mitigate any regulatory changes that may have an adverse impact on the ongoing financial viability of its projects. In order to monitor compliance with evolving UK government energy regulations, the Company subscribes to relevant environmental and energy regulation bodies updates which management reviews and makes recommendations to the Board in terms of mitigation that may be required should it become aware of any pending regulatory changes that may threaten the economic viability of its projects.

Commodity Risk
The assets that the Group manages and owns will receive revenue from the sale of energy onto 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. For example, the significant reduction in wholesale electricity prices from 2022 to 2023 resulted in lower electricity prices received from sales at Pyebridge during the period that it was in operation during 2023. The Group will also use its skills, capabilities and knowledge of the UK power market in order to optimise these wholesale revenues.

STRATEGIC REPORT

The Group's ability to effectively manage price risk and maximise profitability through trading and risk management techniques with the assistance of its electricity off-taker and trading platform provider, Statkraft, will have a considerable impact on the revenues and returns.

Development and Construction Risk
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 Company's 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 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 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 in order to mitigate the risk of data loss or business interruption.

Section 172(1)(a) to (f) of the Companies Act 2006

Section 172(1)(a) to (f) of the Companies Act 2006 requires each Director to act in the way he or she considers would be most likely to promote the success of the Group for the benefit of its members as a whole regarding the following matters:

a. **The likely consequences of any decision in the long-term**
MED is a flexible power generation Group. By their natures, energy projects are complex, capital intensive, last several years and involve a varied group of stakeholders. As such, it is extremely important that the Board considers all decisions made by the Group in the context of their long-term impact on the Group. Consequences of such decisions include (but are not limited to) the impact on all stakeholders, impact on environmental issues in and around project areas and the financial impact on the Group and its ability to function effectively. MED is careful and considered in its planning, as is required for energy projects. As such, the Group prepares detailed planning documents before initiating any major work programme.

   Such planning documents assess a variety of factors, from technical and project funding matters to environmental matters. Where appropriate, the Group provides copies of these reports on its website or releases excerpts via the London Stock Exchange's Regulatory News Service ('LSE RNS').

b. **The interests of the Group's employees and contractors**
The health and safety of MED's employees and contractors is of paramount concern to the Board. It is imperative that MED provides a safe and secure working environment for all staff and contractors. The Group conducts regular Health & Safety reviews and ensures that any operational plans are subject to rigorous scrutiny in their creation and constant monitoring during their implementation. As a small Group at an early business development stage, there are no direct employees in any of the Group companies and all business functions to the Group are provided under service contracts with third parties. As the Group grows, it is expected that the Group's workforce will expand and personnel will be engaged on various arrangements,

STRATEGIC REPORT

including, for example, direct employee contracts and temporary and long-term service contracts commensurate with the requirements of each Group company as it develops.

The Group is and will continue to be a responsible employer in respect to the approach it takes towards employee and contractor pay and other terms of the engagement as it develops. These are constantly reviewed.

c. The need to foster the Group's business relationships with suppliers, customers and others

Power generation projects involve a diverse and varied group of stakeholders. These include (but is not limited to) the Group's employees, government officials, local communities, financial backers, shareholders and other suppliers. The Group adopts a transparent and open stance in its dealings with all stakeholders to help build trust. Energy and power development projects can only succeed with the full support of all involved.

The Board has oversight of the procurement and contract management processes in place and receives regular updates on any matters of significance, as well as approving the awarding of large contracts. The Board ensures the Group fully adheres to the Bribery Act 2010 by means of Anti-Corruption & Bribery and Whistle-Blowing policies that is has implemented.

d. The impact of the Group's operations on the community and environment

Energy and power development projects can have a significant impact on local communities and the environment. The Board constantly reviews the impact of its operations on local communities and its projects' surrounding environments. Where required, the Group completes detailed surveying work, such as Environmental Impact Assessments, and, where necessary, applies for relevant permits. Such processes require diligence and concentrated effort. The Group's projects, namely Bordersley, Rochdale, Hindlip Lane and Stather Road, are at the early construction or development stage and are going through the strict UK planning and permitting regulatory processes to enable construction to be completed while Pyebridge, the Group's operating site, abided with all regulations required during its period of operation. The footprint of the Group's existing and planned power-generation sites are small compared with large base-power generating sites and do not have a significant impact on the community or environment in which they are located.

e. The desirability of the Group maintaining a reputation for high standards of business conduct

As a listed PLC, MED's reputation for the high standards of its business conduct is paramount. The Board makes every effort to ensure it maintains these.

The Group is subject to the disclosure requirements of the LSE's Listing Rules for Companies and Financial Conduct Authority's Disclosure Guidance and Transparency Rules. These comprehensive set of rules enforce a strict discipline upon the Group in terms of the manner, timeliness, subjectivity and content of its public disclosures.

MED is also required to complete an annual audit with the objective being a thorough examination and evaluation of the financial statements of the Group to make sure that the financial records are a fair and accurate representation of the transactions they claim to represent. The results of this are published each year in the Group's Annual Report.

MED is committed to a high level of corporate governance and has selected the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as the appropriate corporate governance code for a company at its level of development and to meet its mandatory requirements as an LSE standard listed company. Full details on how MED meets the requirements of the QCA Code are outlined under the Corporate Governance Report on page 24.

f. The need to act fairly between members of the Group

As a listed Group, MED is committed to treating its shareholders fairly and delivering shareholder value.

MED is registered in England and Wales and is subject to the Companies Act. The Group is also subject to the UK City Code on Takeovers and Mergers. The Company's articles of association, which help define some of the actions between the Company and its shareholders, can be found on the Company's website.

STRATEGIC REPORT

Task Force on Climate-related Financial Disclosures (TCFD)

As one of the largest issues of modern times, climate change is a topic the Company regards very seriously, especially since we operate in the energy sector. We are committed to providing transparent information on our plans and actions with regards to climate-related matters and society's goal of reaching net zero. As such, the Company reports its Task Force on Climate-Related Financial Disclosures ('TCFD') under the recommended headings of Governance, Strategy, Risk Management and Metrics & Targets, detailed below. Since our business is still very young and growing, it lacks some of the historic data required to provide some of the more detailed metrics and targets recommended within the TCFD Recommendations and Guidelines, and therefore the Company currently considers its disclosure partially consistent with these recommendations. More specifically, we believe that we have reached full consistency with 8 of the 11 recommendations set out under the four pillars of the TCFD Recommendations and Guidelines, as highlighted under each section below.

Governance

TCFD Recommended Disclosure	Status
a) Describe the Board's oversight of climate-related risks and opportunities	Disclosed
b) Describe management's role in assessing and managing climate-related risks and opportunities	Disclosed

The ultimate responsibility for the Company's climate change strategy lies with the Board, who oversee progress according to the identified climate-related targets and ensure that the Company's strategies are executed according to the developed and agreed plan. The Board have regular scheduled meetings, during which climate-related matters are considered when decisions are made on new site acquisitions and any capital expenditures.

The Board assigns the day-to-day responsibilities for climate-related matters to the Company Chief Executive Officer ('CEO'), who in turn is supported by the Management Teams, as illustrated below:

Board of Directors
Has ultimate responsibility for climate-related matters.
Sets climate-related strategies, reviews and provides final sign-off on all reports.
Delegates implementation of climate strategy to CEO.

Frequency of Board meetings: *Monthly*
Frequency of meetings with CEO: *Weekly*

⇳ ⇳

CEO
Implements climate strategy by overseeing day-to-day climate-related responsibilities.
Reviews reports on identified and assessed risks and opportunities and relays objectives in line with strategy.
Further delegates implementation of climate strategy to Management Teams.

Frequency of meetings with Board: *Monthly*
Frequency of meetings with Management: *Weekly*

⇳ ⇳

Management Teams
(Finance and Operations)
Executes activities in line with climate-related strategies and objectives.
Identifies, assesses, and mitigates climate-related risks and opportunities.
Reports on all climate-related matters to CEO.

Frequency of interdepartmental meetings: *Weekly*
Frequency of meetings with CEO: *Weekly*

STRATEGIC REPORT

The responsibility for overseeing the overall reporting associated with climate-related matters was taken on by the Audit Committee as a function of the Board. Primarily due to the size of the Company and the limited number of staff available, no additional official committees were established during the 2023 reporting period who could focus on specialised tasks and key areas. It was the responsibility of the entire Management Team as a whole, headed by the CEO, to address these specific key areas. The Company therefore feels that it does comply with the Governance section of the TCFD Recommendations and Guidelines. It should be noted though, that The Company aims to establish such specialised committees in the future, when the Company expands in size and these committees can be split into the various key areas of responsibility. The timing of expansion is based on the successful progress of respective projects mentioned in the operations report.

Strategy

TCFD Recommended Disclosure	Status
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Disclosed
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Disclosed
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Disclosed

The core business of the Company is developing a portfolio of small gas-fuelled electricity generating peaker plants as an interim step in helping manage potential supply interruptions because of the UK’s increasing reliance on renewable sources (primarily wind and solar). As such, the Company recognises that impact we have on the climate and the need to develop strategies to ensure we add to the equation of reaching net zero carbon emissions by 2050, instead of potentially subtracting from it.

While gas is the currently the prime source of fuel being used in our peaker plants, it is the least carbon emitting of the fossil fuels. However, in the very long term, its ultimate phase-out seems to be inevitable, which means the Company must take this into consideration when developing our climate-change strategy, which it has been doing when investigating other fuel sources. Hydrogen currently seems to be the most likely fuel source to replace natural gas, but there are many challenges associated with using it, such as the production costs, lack of infrastructure, supply chain logistics, energy density of the hydrogen itself, storage & handling, lack of regulatory framework, etc. None of these issues have been addressed by the UK government yet, so The Company believes that natural gas will remain the primary fuel source for at least the next 15 years.

Working together, the Board and Executive Management are primarily responsible for assessing and managing climate-related risks and opportunities. These risks and opportunities are listed below, taking into consideration two key scenarios, namely Scenario 1 where the global average temperature remains below 2°C (widely seen as the global community's accepted limitation of temperature growth to avoid significant and potentially catastrophic changes to the planet), and Scenario 2 where the average global temperature exceeds 2°C. Currently, these scenarios are only evaluated and assessed internally, but as our portfolio of operational sites increase, so will our need to accurately assess our impact on climate and the environment in general. In the table below the columns on Impact horizon and effect is indicative of the resilience of the organisation’s strategy.

Climate-Related Risks and Potential Financial Impacts

◇ = Minimal, ◇◇ = Moderate, ◇◇◇ = Severe

Risk Type	Climate-Related Risks	Potential Financial Impacts	Impact Horizon & Effect			
			Scenario	Short-Term (2027)	Medium-Term (2035)	Long-Term (2050)
Transition	**Policy and Legal** – Reduction in permitted emissions according to Medium Combustion Plant Directive (MCPD), leading to a reduction in allowed operating hours of generating engines, or similarly; – Increase in pricing / penalties due to increase emissions – Exposure to litigation – A reduced impact is expected in the long term as regulations and policies are expected to have been resolved by 2050.	– Reduction in revenue – Increased operating costs – Increased costs and/or reduced demand for products and services resulting from fines and judgments	> 2°C	◇◇◇	◇◇◇	◇◇◇
			< 2°C	◇◇◇	◇◇	◇

STRATEGIC REPORT

Climate-Related Risks and Potential Financial Impacts

◇ = Minimal, ◇◇ = Moderate, ◇◇◇ = Severe

Risk Type	Climate-Related Risks	Potential Financial Impacts	Impact Horizon & Effect			
			Scenario	Short-Term (2027)	Medium -Term (2035)	Long-Term (2050)
Transition	**Policy and Legal** – Transition away from Natural gas (We strongly believe that the UK government will not transition away from natural gas completely without having an alternative form of fuel (such as hydrogen) available to take its place)	– Increased operating costs – Potential reduction in revenue	> 2°C	◇◇◇	◇◇	◇
			< 2°C	◇◇◇	◇◇	◇
Transition	**Technology** – Substitution of existing products and services with lower emissions options – Unsuccessful investment in new technologies – Costs to transition to lower emissions technology	– Increased operating costs – Research and development (R&D) expenditures in new and alternative technologies – Capital investments in technology development – Costs to adopt/deploy new practices and processes	> 2°C	◇◇	◇	◇
			< 2°C	◇	◇	◇
Transition	**Market** – Sudden drop in electricity sales price with gas cost remaining the same	– Reduction in revenue	> 2°C	◇◇	◇	◇
			< 2°C	◇◇	◇	◇
Transition	**Financial** – Funding for and investment into this industry will decrease or disappear due to misunderstanding that we generate "dirty" energy	– Projects cannot be moved forward due to lack of funding	> 2°C	◇◇◇	◇◇◇	◇◇◇
			< 2°C	◇◇	◇◇	◇◇
Physical	**Acute** – Small risk to Company's plant and equipment because of fire, flooding, and wind damage.	– Increased operating & maintenance costs	> 2°C	◇	◇	◇
			< 2°C	◇	◇	◇

Climate-Related Opportunities and Potential Financial Impacts

◇ = Minimal, ◇◇ = Moderate, ◇◇◇ = Severe

Opportunity Type	Climate-Related Opportunity	Potential Financial Impacts	Impact Horizon & Effect			
			Scenario	Short-Term (2027)	Medium -Term (2035)	Long-Term (2050)
Physical	– Extreme weather events (heat or cold) could positively affect the business by increasing electrical demand, thereby increasing requirement to generate	– Increase in revenue due to increased electricity sales price – Increase in revenue to increased duration and frequency of generation	> 2°C	◇◇	◇◇	◇◇
			< 2°C	◇◇	◇◇	◇◇
Resource Efficiency	– Incorporation of hydrogen as fuel source (either entirely or supplementary) and associated new technology	– Reduced exposure to future fossil fuel price increases – Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon – The engines can use hydrogen as a fuel source without significant capex outlay. Costs may be incurred on storage, logistics and distribution	> 2°C	◇◇	◇◇◇	◇◇◇
			< 2°C	◇◇	◇◇	◇◇◇

STRATEGIC REPORT

Risk Management

TCFD Recommended Disclosure	Status
a) Describe the organization's processes for identifying and assessing climate-related risks.	Partially Disclosed
b) Describe the organization's processes for managing climate-related risks.	Disclosed
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Disclosed

The Company recognises that in today's rapidly evolving business landscape, climate change (particularly transitional and physical risks associated with climate change), presents both significant challenges and opportunities for organisations, as listed in the previous section. Effective risk management strategies are therefore paramount for the Company to navigate the complexities associated with these climate-related risks. Recognising and addressing climate-related risks is integral to effective risk management, which starts with the identification and assessment of these risks (transitional and physical risks in particular).

As of yet, and as mentioned in *Governance* above, climate change committees have not yet been established , therefore the formal process for identifying and managing of risks are still being developed. However, climate considerations have been embedded into strategic decision-making processes, such as the investigation into, and eventual acquisition of, new generation sites. Furthermore, these considerations are also slowly being fostered by creating a culture of awareness and accountability among employees at all levels within the Company. Our exposure to climate-related risk forms part of the discussion within our governance structures (being board meetings, meetings between the CEO and management, and the meetings between management staff). This all forms part of our Risk Management framework, and ensures a comprehensive understanding of potential vulnerabilities and opportunities associated with the climate-related risks.

The transitional and physical risks associated with the Company have been discussed in the *Strategy* section of this report. These have been identified and assessed by management and the Board of the Company through weekly Management Committee (ManCo) as well as Board meetings, and regular informal discussions. A scenario has been suggested and then analysed for each of these risks, to assist in understanding the financial impact (either positive or negative) and the probability of occurrence for each. The scenario created is based on the global average temperature remaining below or increasing above 2°C (scenarios 1 and 2, respectively). Each scenario was evaluated for its impact on a short, medium and long term.

Further improvement and elaboration to the Risk Identification and Management strategies with regards to climate-change and climate-related risks will be done as additional projects are acquired and current projects are further developed.

Metrics and Targets

TCFD Recommended Disclosure	Status
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially Disclosed
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Disclosed
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Partially Disclosed

The Company is still in the very early stages of its development, with just one small operating generating plant in production. As such, it has not yet developed a standalone metric and target framework to quantitatively assess climate-related risks and opportunities other than the use of the Streamlined Energy & Carbon Reporting (SECR) framework (shown below) and the analysis thereof. As the Company matures, established committees with specific responsibilities, and brings more projects into production over the next few years, it will develop frameworks and methodologies to enable it to accurately measure and report progress against set targets. Furthermore, as little to no historic data exists, analysis cannot be done to establish accurate targets. The Company therefore only partially complies with the *Metrics and Targets* section of the TCFD Recommendations and Guidelines.

STRATEGIC REPORT

Table 1 below, and the accompanying graphs, show the Company's greenhouse gas emissions (GHG) for the reporting period in tonnes of carbon dioxide equivalent (tCO2e) and calculated in accordance with the SECR guidance on carbon and energy reporting. These values were compared to the previous reporting period, and then analysed, in the various graphs' subsequent paragraphs. The data in Table 1 covers the same period to which this Directors' Report applies.

Table 1- Streamlined Energy & Carbon Reporting (SECR) REPORT DATA

Activity	Activity Data	Activity data units	Conversion factors	Carbon footprint (kgCO2e)	Carbon footprint (tCO2e)
Scope 1 – GHG emissions resulting from activities for which the Company is responsible					
Natural Gas (100% Mineral Blend)	4,772,150	KWh	0.182928926	872,964.28	872.96
Business Travel (Medium-sized car. Unknown fuel)	1,866	miles	0.277539505	517.89	0.52
			Sub-total 1	873,482.17	873.48
Scope 2 -GHG emissions resulting from purchase of electricity for its own use					
Electrical Consumption	202,900	KWh	0.207074289	42,015.37	42.02
			Sub-total 2	42,015.37	42.02
Scope 3- GHG emissions resulting from Company actions not owned or controlled					
Homeworking	7,488	FTE working hours	0.333781205	2,499.35	2.50
Business travel (Rail)	0	miles	0.035462964	-	0.00
Business travel (Underground)	580	miles	0.027802067	16.13	0.02
Hotel Stays (UK - Within London)	0	room per night	11.5	-	0.00
Hotel Stays (UK - Outside London)	11	room per night	10.4	114.40	0.11
Water Supply	23	cubic metres	0.176684547	4.06	0.00
Electricity Transmission & Distribution (UK)	202,900	kWh	0.017915111	3,634.98	3.63
			Sub-total 3	6,268.92	6.26
			TOTAL	**921,766.46**	**921.76**

Intensity Metric	2701.49 tCO2e per million £ of revenue
Total Energy Usage across all energy types	5,188.72 MWh

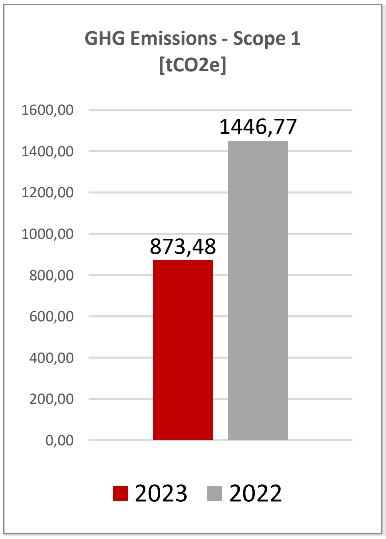

Fig. 1 – GHG Emissions Scope 1

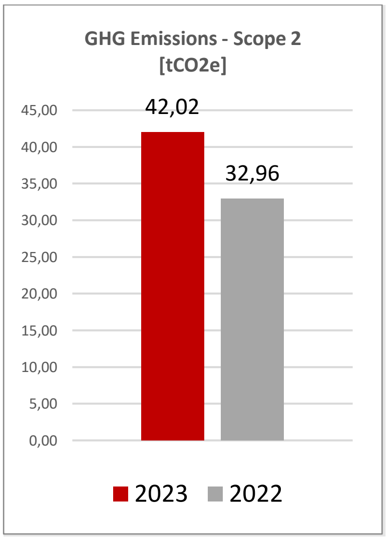

Fig. 2 – GHG Emissions Scope 2

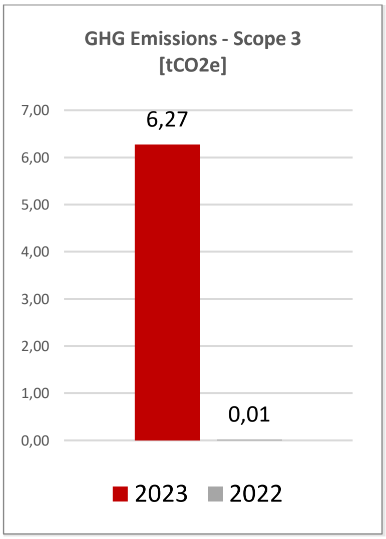

Fig. 3 – GHG Emissions Scope 3

STRATEGIC REPORT

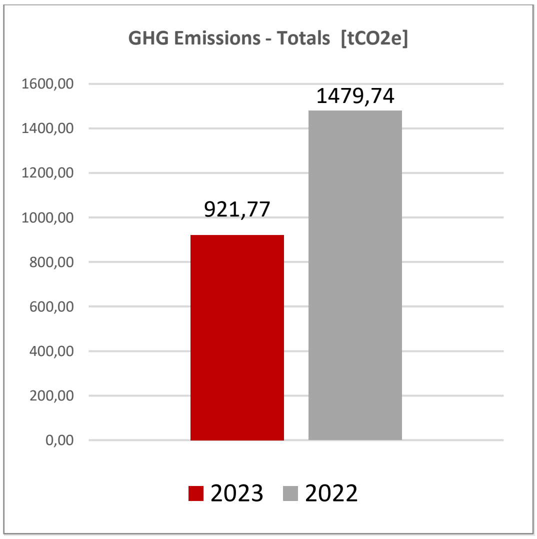

Fig. 4 – Total GHG Emissions

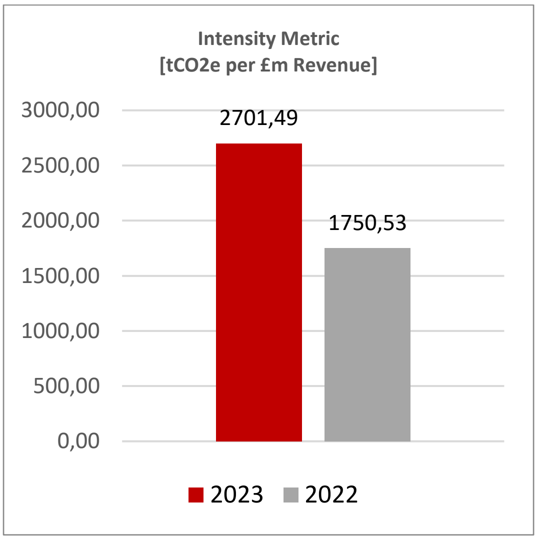

Fig. 5 – Intensity Metric

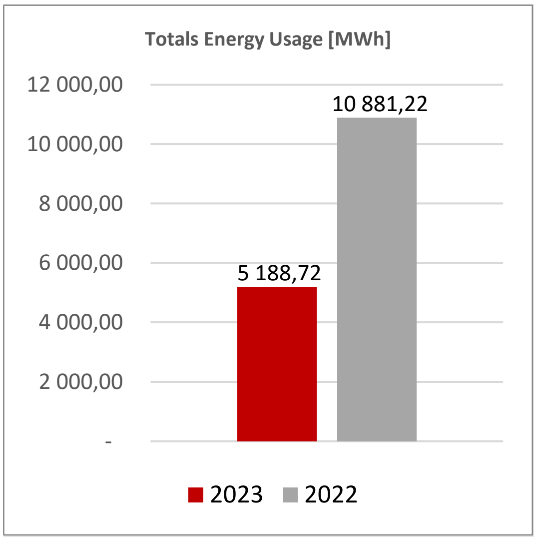

Fig. 6 – Total Energy Usage

The activity data in Table 1 and Figures 1-6 above were obtained from the Company's internal records of energy generation and consumption and converted to tCO2e using the appropriate conversion factors obtain from the UK Government website at https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023.

There was a significant reduction (39.6%) in Scope 1 GHG Emissions (Fig. 1) from 2022 to 2023. This is primarily attributed to the fact that limited to no generation occurred during January, February, October, November and December, therefore much less natural gas was used in 2023 compared to 2022. This is further highlighted by the Total GHG Emissions value (Fig. 4), which was 62.0% that of last year, and the Total Energy Usage value (Fig. 6), which shows that the total energy usage of the company was nearly half of the previous year.

That being said, the Intensity Metric (Fig. 5) clearly indicated that the total tonnes of Carbon Dioxide Equivalent (tCO2e) per million GBP of revenue generated is nearly 1000 units more that of last year. This is due to the lower total amount of revenue, and not due to the site generating more emission.

It should be noted that in 2022 the "Electricity Generated" found under the "Out of Scope" category of the GHG Reporting Conversion Factors, was this year moved to "Electricity Transmission & Distribution (UK)" under the "Scope 3" category, which resulting in the significant increase we see in Figure 3. Consequently, the "Out of Scope" category has been removed from this year's disclosure calculations.

STRATEGIC REPORT

As our Pyebridge site is still in its infancy and has not yet operated at its full potential (being 8.1 MW), we have no historic data to establish reliable emissions targets for the future. Our core focus for 2024 will be to overhaul all three reciprocal gas engines on the Pyebridge site, and then operate at full load for the remainder of the year. It is anticipated that the total energy usage across all energy types for 2024 will be around 30,000 MWh, with a total GHG Emissions figure of 5000 tCO2e. This will result in an intensity metric of c. 4200 tCO2e per million GBP of revenue.

Once the site has operated for the period of 2024 and data is obtained, accurate targets can and will be established for the near and distant future. None of our other sites have operated yet, so no data is available for interpretation and the establishment of future targets.

This report was approved by the Board on **29 April** 2024 and signed on its behalf by:

Louis Coetzee
Non-Executive Chairman

REMUNERATION REPORT

The following Directors remuneration was earned during the period.

Directors	31 December 2023	31 December 2022
Louis Coetzee	36,000	36,000
Pieter Krügel- Appointed on 13 July 2022	157,844	83,075
Paul Venter	36,000	78,000
Dominic Traynor	36,000	36,000

The remuneration shown in the table above comprises salaries and Directors' fees earned in accordance with Director contracts approved by the Board prior to appointment. The amounts per the table above represent the totality of gross remuneration earned by each Director. The full amount has not been paid and the outstanding balances are disclosed in note 21 in the financial statements. No share awards were made to Directors during the period as part of remuneration nor were any payments linked to any key performance indicators, including the performance of the Company share price. The Company does not have a pension plan and, consequently, no pension contributions form part of Director's pay during the period. The Company has not employed any external remuneration consultants to advise on remuneration during the period.

Paul Venter, a non-executive director has a beneficial interest in 3,708,538 MED shares through PSCD Power 1 Ltd.

As the Company has been in operation for just over three and a half years, there are no comparable figures available to conduct a detailed analyses of historical and current remuneration and changes therein and for comparison with average pay levels for similar roles over a 5-year rolling period. However, the Directors believe that their remuneration levels are in line with industry norms for a company like MED in its current stage of development. The variations in individual director remuneration from 2022 to 2023 reflect variable board appointment dates and changes to levels of responsibility. A detailed remuneration plan for directors, management and staff has not yet been established for the Company. As the Company and the Group grows, the Board is committed to putting such a remuneration plan in place commensurate with business development. The components of such a plan may comprise, inter alia, payments linked to agreed key performance indicators, a performance incentive plan based on agreed project milestones, a share option plan, share payments, health insurance contributions and pension contributions.

Renumeration Policy

Overview of Remuneration Policy

The Company's policy for the remuneration of the Company's Directors is that it should be structured to attract and retain executives of a high calibre with the skills and experience necessary to successfully grow the Company. The objective of the policy is to help deliver long-term value for shareholders by enabling the efficient and effective delivery of the Company's strategy as outlined in the Strategic Report.

When determining levels of remuneration, the Company will review the remuneration practices adopted by peer companies both in the market generally and in the same business sector as the Company.

The Company intends that a significant portion of the remuneration package of senior executives will be linked to performance while maintaining an appropriate balance between fixed and variable pay, short-term and long-term variable pay, and rewards in cash and shares. While this remuneration structure is not yet implemented, the Company is working towards it as part of its strategy to retain and attract skilled executives and management. The Company, by considering recommendations from the Remuneration, Nominations & Governance Committee, will regularly review the Company's remuneration policies to ensure that these policies do not encourage and reward inappropriate risk-taking that may not be in the best interests of shareholders. It will also ensure that its remuneration policy aligns with the Company's corporate and financial governance policies as well as all regulatory and listing regulations. As the Company's Board grows, it will establish a separate standalone Remuneration Committee to exclusively deal with remuneration policy matters.

The Company will strive to align its remuneration policy to the principles below, which are taken from the 2018 UK Corporate Governance Code:
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.
Simplicity – remuneration structures will avoid complexity and their rationale and operation should be familiar to all stakeholders and be easy to understand.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards and

REMUNERATION REPORT

behavioural risks that can arise from target-based incentive plans are identified and mitigated.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, and in consistency with the Group's purpose, values and strategy.

The Company is currently developing a detailed remuneration policy on the above principles, and this will provide a framework and baseline for future remuneration reports

CORPORATE GOVERNANCE REPORT

Our Group is dedicated to upholding a high standard of corporate governance. As Chairman, it remains my responsibility, working with my fellow Board members, to ensure that good standards of corporate governance are encompassed throughout the Group. As a Board, we set clear expectations regarding our culture, values and behaviours. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably, responsibly and deliver value for our shareholders.

It is the Board's role to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business.

The Group has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). This statement sets out how the Group complies with, and, where relevant, departs from the 10 principles of the QCA Code:

1. **Establish a strategy and business model that promotes long-term value for shareholders**

   MED's primary focus is on advancing and developing its UK reserve power projects. Accordingly, the majority of MED's resources will be used to fund the continued development of the Company's projects.

   The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner. The Group has set out a strategy and business model to promote long-term value for shareholders and will update all shareholders on this in the annual reports for each year.

   The Board meet on a regular basis to discuss the strategic direction of the Group and any significant deviation or change will be highlighted promptly should this occur.

   The Strategic Report of the Group can be found on pages 8 to 21.

2. **Seek to understand and meet shareholder needs and expectations**

   The Group is committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The Group regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question-and-answer session. The Board, led by the Executive Chairman, are also responsible for understanding and meeting shareholder needs and expectations.

   In addition, the Group's progress on achieving its key targets is regularly communicated to investors via presentations and through its announcements to the market, which can be accessed at www.med.energy.

   The Group also utilises professional advisers such as the Solicitors, Brokers, Auditor and the Company Secretary, to provide advice and recommendations on shareholder communication.

   Contact details are provided on the Company's website and within public documents should shareholders wish to communicate with the Company.

3. **Consider wider stakeholder and social responsibilities and their implications for long-term success**

   The Board recognise their responsibilities to stakeholders, including staff, suppliers and customers and those within the community it operates in. The Board, led by the Non-Executive Chairman, is also responsible for fostering and improving open communication and contact with relevant stakeholders of the Group.

CORPORATE GOVERNANCE REPORT

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks facing the business and the internal controls that are in place to address risks. In order to support its duties and responsibilities, the Board implements control procedures that assess and manage risk and ensure robust financial and operational management within the Group. The principal risks that the Group is exposed to can be classified under the general headings of funding risk, regulatory risk, commodity risk and development, and construction risk. A more detail analysis of the principal risks can be found on pages 12 to 13 within the Company's annual report.

Although there is no specific committee tasked with identifying, analysing and reporting on risk during the financial period, it is nevertheless part of the everyday function of the Directors and is managed at Board level.

Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Group are appropriate to the business.

5. Maintain the board as a well-functioning, balanced team led by the Chairman

The Board acknowledge their responsibility for, and recognises the importance of, implementing and maintaining, high standards of corporate governance. The Board is responsible for establishing and maintaining the system of internal controls. The Group subscribes to the values of good corporate governance at all levels and is committed to conduct business with discipline, integrity and social responsibility.

The Board currently comprises three Non-Executive Directors, one of whom is also Chairman and one Executive Director who is the Chief Executive of the Group. Short biographies of the Directors appointed to the Board can be found within the Directors' Report on pages 29 to 34. The Corporate Governance Report includes details of the Committees and the number of meetings held during the year, detailing the attendance record of each Director.

The QCA Code recommends that the Chair and Chief Executive should not be the same person. Currently, Louis Coetzee acts as Non-Executive Chairman and Pieter Krügel acts as Chief Executive. The Directors believe that given the size of the Company and its stage of development, it is appropriate for the Company to currently have four Directors, though they will continue to monitor this on an ongoing basis as the Company grows and develops.

The Board is of the view that the Chairman and each of the Directors who held office during 2023 committed sufficient time to fulfilling their duties as members of the Board.

6. Ensure that the Directors have the necessary up-to-date experience, skills and capabilities

The Board has a diverse range of skills, experience and personal qualities that help deliver the strategy of the Group. The Group will ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities to deliver the Group's strategy and targets. Each Director's biographical details, along with a description of their role and experience, can be found within the Directors' Report on pages 29 to 34.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the Group's current size, the Board has not considered it necessary to undertake an assessment of the Board performance and effectiveness.

CORPORATE GOVERNANCE REPORT

8. Promote a corporate culture that is based on ethical values and behaviours

The Group operates a corporate culture that is based on ethical values and behaviours. It will maintain a quality system appropriate to the standards required for a Group of its size. The Board communicates regularly with staff through meetings and messages.

The Group also has a Corporate Social Responsibility Policy, details of which can be found in the Directors' report on page 33.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board sets the direction for the Group through a formal schedule of matters reserved for its decision. The Chief Executive implements the strategy for the Group and regularly reports to the Board on progress as well as continuously engages with the Group's shareholders and stakeholders. The Board has a schedule of matters reserved for its review and approval; such items include Group strategy, approval of major capital expenditure projects, approval of the annual and interim results, annual budgets, dividend policy and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The Board delegates day-to-day responsibility for managing the business to the Chief Executive and the senior management team.

The Board and Committees, along with the matters reserved for each, are explained within point 10 below. Further information can also be found on the Company's website at www.med.energy.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group already publishes historical annual reports, notices of meetings and other publications on the Company's website, www.med.energy. The Board has not published Audit Committee or Remuneration Committee reports in the Company's latest annual report and accounts. The Board feels that this is appropriate given the size and stage of development of the Company.

Once a general meeting of the Group has concluded, the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website at www.med.energy. If it becomes relevant, an explanation of actions where a significant proportion of votes (e.g., 20% of independent votes) is cast against, a resolution will be provided.

Role of Directors

All Board members ensure that appropriate governance procedures are adhered to and there is a clear division of responsibilities at Board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision-making.

Board and Audit Committee meetings have been taking place periodically and the Executive Director manages the daily Company operations with Board meetings taking place on a regular basis throughout the financial period. During the current reporting period, the Board met 16 (sixteen) times and provided pertinent information to the Executive Committee of the Company.

CORPORATE GOVERNANCE REPORT

The Board is responsible for effective control over the affairs of the Company, including strategic and policy decision-making, financial control, risk management, communication with stakeholders, internal controls and the asset management process.

The Risk, Audit & FPPP Committee were tasked with, amongst other things, identifying, analysing and reporting on risk during the financial period.

Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

The Risk, Audit & Financial Position & Prospects Procedures ('FPPP') Committee
The Risk, Audit & FPPP Committee consists of Dominic Traynor and Louis Coetzee.

The Risk, Audit and FPPP Committee has set out its roles and responsibilities within its charter to ensure that it is aligned to good financial governance principles. These include:

- The establishment of an Audit and Risk Committee to guide the audit approach, as well as its modus operandi and the rules that govern the audit relationship;
- Assess the processes relating to, and the results emanating from, the Group's risk and control environment;
- Monitor the integrity of the Group's integrated reporting and all factors and risks that may impact on reporting;
- Annually review the expertise, appropriateness and experience of the finance function;
- Annually nominate the external auditors for appointment by the shareholders;
- Review developments in governance and best practice;
- Foster and improve open communication and contact with relevant stakeholders of the Group; and
- Assess the external auditor's independence and determine their remuneration.

The Risk, Audit and FPPP Committee further sets the principles for recommending the external auditors for non-audit services use.

The Risk, Audit and FPPP Committee met twice (2) during the current year to approve the Interim and Annual Report and recommend approval to the Board.

The Remuneration, Nominations & Governance Committee (the 'RNGC')

The members of the RNGC are Louis Coetzee and Dominic Traynor.

Remuneration: With respect to Remuneration, the purpose of the RNGC is to discharge the responsibilities of the Board relating to all compensation, including equity compensation of the Company's Executives. The Remuneration Committee establishes and administers the Company's executive remuneration with the broad objective of aligning executive remuneration with Company performance and shareholder interests, setting remuneration standards aimed at attracting, retaining and motivating the executive team, linking individual pay with operational and Company performance in relation to strategic objectives, and evaluating compensation of executives including approval of salary, equity and incentive-based awards.

The committee is empowered by the Board to set short-, medium- and long-term remuneration for the Executive Directors. More generally, the committee is responsible for the assessment and approval of a Board remuneration strategy for the Group.

The RNGC manages remuneration risk by ensuring that any awards and the terms of service and employment contracts entered are proportionate to the resources and current early stage of development of the Group while simultaneously providing sufficient incentive to Directors, management and staff to rapidly grow the enterprise in accordance with the Board's corporate strategy. The RNGC is currently developing a comprehensive remuneration plan that, following approval by the Board, will serve as a guide for performance measurement, employment terms and compensation structure in line with business development.

Nominations: With respect to Nominations the RNGC is responsible for considering and making recommendations to the Board in respect of appointments to the Board. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board regarding any changes necessary, as well as succession planning, taking into account the skills and expertise that will be needed on the Board in the future.

CORPORATE GOVERNANCE REPORT

Governance: With respect to Governance, the principal tasks of the RNGC is to review the Company's ongoing compliance with the QCA Code and to make recommendationsto the Board where it judges that there is a requirement to update, replace or expand corporate governance policies and procedures in line with current activities.

The Remuneration, Nominations and Governance Committee met once (1) during the period.

Directors' Meetings

The Company held the following Board and Committee meetings during the reporting period, of which the number of meetings attended by each of the Directors of the Company during the period to 31 December 2023 were:

Name	PLC Board	Risk Audit & FPPP Committee	Remuneration, Nominations & Governance Committee
Louis Coetzee	16	2	1
Pieter Krügel	16	n/a	n/a
Paul Venter	16	n/a	n/a
Dominic Traynor	16	2	1

This report was approved by the Board on 29 April 2024 and signed on its behalf by:

Louis Coetzee
Non-Executive Chairman

DIRECTORS' REPORT

The Board of Directors (the "Directors" or the "Board") present their Annual Report together with the Audited Financial Statements ('AFS') for the year ended 31 December 2023 of MAST Energy Developments PLC ('MED' or the 'Company') and its subsidiaries (collectively, 'the Group').

The Board comprises a Non-Executive Chairman, Chief Executive Officer and two Non-Executive Directors. As the Group evolves, the Board will be reviewed and expanded if necessary to ensure appropriate expertise is always in place to support its business activities.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions. An agenda and all supporting documentation are circulated to Directors before each board meeting. Open and timely access to all information is provided to all Directors to enable them to bring independent judgement on issues affecting the Company and facilitate them in discharging their duties.

At the date of this report, the Board of Directors comprised:

Louis Coetzee – Chairman and Non-Executive Director
Pieter Krügel – Chief Executive Officer
Paul Venter – Non-Executive Officer
Dominic Traynor – Non-Executive Director

Louis Coetzee, BA, MBA, Age 59 – Chairman (Non-Executive)
Louis Coetzee has 27 years' experience in business development, promotion and financing in both the public and private sector. In earlier years, he concentrated on exploration and mining ventures where he has founded, promoted and developed a number of junior mineral exploration companies based mainly on Tanzanian assets. Over the past seven years, he has focused his attention on developing a comprehensive portfolio of energy projects in Southern Africa and the United Kingdom. Louis has tertiary qualifications in law and languages, project management, supply chain management and an MBA from Bond University, Australia, specialising in entrepreneurship, and business planning and strategy. Over the course of his career, he has worked in various project management and business development roles, mostly in the mining and energy sectors. In addition to being a director of MED, Louis is currently the CEO of AIM- and JSE-listed Kibo Energy PLC (AIM: KIBO; AltX: KBO) and Executive Director of AIM-listed Katoro Gold PLC (AIM: KAT).

Pieter Krügel, ACA, BFP, CA (SA), Age 38 – Chief Executive Officer
Pieter Krügel previously worked as the Group Chief Financial Officer of the Kibo Group, where he has leveraged his experience in capital raising, corporate restructuring, economic analysis, IFRS reporting and strategic planning to contribute to the growth of the Group. Prior to this, he held senior financial and executive roles over the course of 15 years, with specific reference to the energy and resources industries. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants in England and Wales (ICAEW). Pieter has been intimately involved in the MED business since the Group's initial acquisition of MED in 2018 as well as its involvements in the reserve power market. He was also part of the core team that led to the successful IPO of the Company in 2021.

Paul Venter, B.Comm, HBA, MDP, Age 71 – Director (Non-Executive)
Paul Venter has 35 years' experience within the mining and power-generating industries. He spearheaded the projected development of an integrated open-pit mine, 4 by 150 MW power plant and 200-kilometre transmission complex in Mongolia prior to successfully rebranding and leading the developing of Ncondezi Coal into an integrated open-pit mine with 2 by 150 MW power plants and 93-kilometre transmission complex. In recent years, Paul established Mast Energy Projects Limited and contributed to the successful sale of a 60% equity interest of Mast Energy Projects Limited to Kibo Energy PLC. Between 1982 and 1998, Paul was a certified financial accountant of South Africa. Furthermore, he holds an MDP in Mining from the University of South Africa and an honours degree in Business Administration from Potchefstroom University, South Africa. From 2009 to 2012, he was a director and the Vice-President of Energy Operations at Canadian-listed Prophecy Coal Corp and from 2012 to 2015, he held the position of Chief Executive Officer of Ncondezi Energy, an AIM-listed company (AIM: NCCL). Paul is the former CEO of MED.

DIRECTORS' REPORT

Dominic Traynor, LLB, Age 47 – Director (Non-Executive)
Dominic Traynor is a London-based company director and solicitor who specialises in equity capital markets, as well as a partner at Druces LLP, one of London's oldest law firms. At Druces, and formerly at niche capital-markets firm Ronaldsons LLP, he advised on the structuring and listing of more than 30 companies on the main market and Alternative Investment Market (AIM) of the London Stock Exchange (LSE). In addition to this, he is a director of fintech investment group Prism Group and its associated WizzFinancial payment services companies and LSE-listed critical minerals company, Critical Mineral Resources PLC, and was a founding director of Australian-Saudi electric-vehicle battery materials company EV Metals Group PLC and AIM-listed construction materials company SigmaRoc PLC in addition to sitting on the boards of a number of other companies. Dominic also has extensive experience in corporate governance and graduated from the College of Law, York, before receiving his LLB from Durham University, England.

Review of Business Developments

As noted in the Chairman's Report, the Group continued to pursue its business strategy as a flexible power developer in the UK market, with further site acquisitions having been concluded and continuous development of the existing sites progressing well during the period.

Results
The performance for the year ended 31 December 2023 resulted in a loss of £3,539,394 (year ended 31 December 2022: loss of £2,733,000).

Events after reporting period

As at the date of this report, no significant post-statement of financial position events or conditions were identified that required adjustment to the financial results.

Refer to Note 23 for significant non-adjusting events relating to a new strategic funding partner and funding agreement, new capacity market contracts entered into and termination of the Proventure JVA reported during the year.

Directors' Interests

Paul Venter, a non-executive director provided MED with a director loan amounting to £81,329 (the 'Director Loan') under a loan agreement signed on 14 December 2023 (the "Director Loan Agreement"). The proceeds of the Director Loan will be used for MED's working capital requirements. To fund the Director Loan, Mr. Venter sold 14,000,000 MED shares (the 'Loan Shares') of his total beneficial holdings of 17,708,538 MED shares that he held on 14 December 2023.

The key terms of the Director Loan Agreement are as follows:

- No fixed term of repayment, with a repayment longstop date of 12 months from the date of the Director Loan (the "Longstop Date");
- Interest shall accrue and be paid on the principal amount of the Director Loan outstanding at 7% per annum;
- Prior to the Longstop Date, the repayment will be by the issuance of the 14,000,000 Loan Shares, subject to the Company complying with its statutory obligations and shareholder authorities; and
- On or after the Longstop Date , the re-payment will be in shares or otherwise in cash for the full loan value plus interest at Mr. Venter's election.

Other than Director Loan from Mr. Venter there have been no contracts or arrangements of significance during the period in which Directors of the Company, or their related parties, were interested other than as disclosed in Directors Remuneration report.

None of the Directors who held office at the date of approval of the financial statements held any share capital of the Company, save for Paul Venter who holds an indirect shareholding in the Company through PSCD Power1 Limited of 1.41%.

DIRECTORS' REPORT

Significant Shareholdings

The Company has been informed that the following shareholders own 3% or more beneficial interest, either direct or indirect, in the issued share capital of the Company:

Percentage of Issued Share Capital			
Shareholder	**29 April 2024**	**31 December 2023**	**31 December 2022**
Kibo Mining (Cyprus) Limited	31.54%	47.08%	57.86%
Care 1 Guernsey Limited	5.48%	5.48%	8.49%

Subsidiary Undertakings

Details of the Company's subsidiary undertakings are set out in Note 22 to the financial statements.

Political and Charitable Donations

During the period, the Group made no charitable or political contributions (2022: £ nil).

Going Concern

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

In performing the going concern assessment, the Board considered various factors, including the availability of cash and cash equivalents, data relating to working capital requirements for the foreseeable future, cashflows from operational activities, available information about the future, the possible outcomes of planned events, changes in future conditions, geopolitical events (e.g. escalation of the Ukraine conflict), and the responses to such events and conditions that would be available to the Board.

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 year of £3,539,394 compared to £2,733,000 for the preceding 12 month-financial period;
- Cash and cash equivalents readily available to the Group in the amount of £252 in order to pay its creditors and maturing liabilities in the amount of £2,261,743 as and when they fall due and meet its operating costs for the ensuing twelve months from the date of signoff of the financial statements; and
- 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.
- Post reporting period end, on 28 February 2024, the Company announced a funding agreement with an initial funding facility up to £4,000,000 with RiverFort Global Opportunities PCC Limited ('RiverFort") and a first drawdown of £438,000 was advanced and received under the facility. Follow-on drawdowns are at RiverFort's discretion and conditional on an agreed budget and restructuring of the Company's liabilities.

The Directors have evaluated the Group's liquidity requirements to confirm the Group has adequate cash resources to continue as a going concern for the foreseeable future. Considering the net current liability position, the Directors have reviewed two financial projections to 30 August 2025: a base-case scenario based on the existing budget, and a severe but plausible scenario, all of which include estimates and assumptions regarding the future revenues and costs and timing of these. The base-case scenario includes financial projections to include non-committed capex expenditure such as engine overhauls or further development of the existing sites, the other scenario excludes non-committed capex expenditure.

The base case cash flow forecast is forecasting a positive cash balance for the full forecast period, based on the assumption that further drawdowns on the GBP4m facility with Riverort as disclosed in the RNS dated 28 February 2024 are available to the Company for drawdown as and when required. The cashflow forecast is reliant on a successful drawdown on a current facility, as well as successful electricity generation by Pyebridge. Unforeseen challenges with either of the aforementioned cause a risk that the Company may not be able to meet its current liabilities without another cash injection. In the event that further funding cannot be secured, the Group may experience continuous cash shortfalls over the next 18 months.

Under the severe but plausible scenario, the group experiences cash shortfall throughout the forecast period starting in April 2024. The severe but plausible cashflow projection does not provide for capital expenditure required for

DIRECTORS' REPORT

significant improvements to the current sites, and includes reduced revenues from Pyebridge based on non-overhauled engines and the guaranteed capacity market income. Thereby evaluating the impact if a further drawdown is not successful. The directors are in negotiations with funders and lenders to upgrade and/or develop the sites as per the business model of the Company.

In response to the net current liability position and to address future cashflow requirements, detailed liquidity improvement initiatives have been identified and are being pursued, with their implementation regularly monitored in order to ensure the Group is able to alleviate the liquidity constraints in the foreseeable future. Cost saving measures were identified and implemented on operational expenditure. Further, from April 2024 a reduction in Directors' remuneration has been implemented.

The Group has identified the below options in order to address the liquidity risk the Group faces on an ongoing basis. The ability of the Group to continue as a going concern is dependent on the successful implementation or conclusion of one or more of the below:

- The successful drawdown on the funding facility of £4,000,000 with RiverFort. There are terms and conditions limiting the drawdown which has to be adhered to.
- Raising of short- and medium term working capital and project capex funding, by way of capital placings.
- Successful conclusion of current funding opportunities of the Group with strategic funders regarding the funding of specific projects and/or the business.
- Obtaining debt funding or other funding instruments such as credit loan notes to fund MED projects.
- Successful cash generation from the Pyebridge power-generation facilities in order to achieve net-cash positive contributions toward the larger Group.
- Successful subordination of the Kibo Mining (Cyprus) Limited loan, resulting in the deferral of loans payable in the foreseeable future beyond a 12-month period after sign-off of these financial statements.

Although there is no guarantee, the Directors have a reasonable expectation that the Group will be able to raise further financing to support its ongoing development and commercialisation activities and continue in operational existence for the next 12 months, from date of sign off of these financial statements. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Board is confident it would be able to successfully implement the above responses, it has adopted the going concern basis of accounting in preparing the consolidated financial statements.

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Dividends

There have been no dividends declared or paid during the current financial period (2022: £Nil).

Corporate Governance Policy

The Board is aware of the importance to conform to its statutory responsibilities and industry good practice in relation to corporate governance of the Group and, as a result, has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

The Company's statement of compliance against the QCA code is set out on pages 24 to 26.

Internal Audit

The Group does not have an internal audit function. Currently, the operations of the Group do not warrant an internal audit function, however, the Board is assessing the need to establish an internal audit department in consideration of future prospects as the Group's operations increase. During the period under review, the Board has taken responsibility to ensure effective governance, risk management and that the internal control environment is maintained.

Health, Safety and Environmental Policy

The Group is committed to high standards of Health, Safety and Environmental performance across the business. The goal is to protect people, minimise harm to the environment, integrate biodiversity considerations and reduce disruption to neighbouring communities. The Group seeks to achieve continuous improvement in its Health, Safety and Environmental performance.

DIRECTORS' REPORT

Corporate Social Responsibility Policy

The Group's policy is to conduct all business operations to best industry standards and to behave in a socially responsible manner. The goal is to behave ethically and with integrity and to respect cultural, national and religious diversity.

Governance of Information Technology (IT)

The Board is responsible for IT governance as an integral part of the Group's governance. The IT function is not expected to significantly change in the foreseeable future. The Board has the required policies and procedures in place to ensure governance of IT is adhered to.

Integrated and Sustainability Reporting and Environmental responsibility

Integrated Reporting is defined as a "holistic and integrated representation of the Group's performance in terms of both its finances and its sustainability". The Group currently does not have a separate integrated report. The Board and its sub-committees are in the process of assessing the principles and practices of integrated reporting and sustainability reporting to ensure that adequate information about the operations of the Group, the sustainability issues pertinent to its business, the financial results and the results of its operations and cashflows are disclosed in a single report.

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.

Refer to page 15 in the Strategic report for detailed disclosure per the TCFD requirements.

Statement of Directors' Responsibility

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards as adopted by the United Kingdom.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:
- Select suitable accounting policies and apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company as well as enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the MAST Energy Developments PLC website is the responsibility of the Directors. The work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom that governs the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

The Board

The Board is responsible for the supervision and control of the Group and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board has four Directors, comprising of an executive director and three non-executive directors. The Board met formally on 16 (sixteen) occasions during the year ended 31 December 2023. An agenda and supporting documentation were circulated in advance of each meeting. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experience in the industry.

Auditors

The auditors, Crowe U.K. LLP, were appointed as the Company's auditors at incorporation and have indicated their willingness to continue in office in accordance with section s475 of the Companies Act 2006.

Annual General Meeting

Notice of the forthcoming Annual General Meeting of the Company, together with resolutions relating to the Company's ordinary and special business, will be given to the members separately.

Provision of information to the auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That Director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on 29 April 2024 and signed on its behalf by:

On behalf of the Board

Pieter Krügel

Paul Venter

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Mast Energy Developments Plc

Opinion

We have audited the financial statements of Mast Energy Developments Plc (the "company") and its subsidiaries (the "group") for the year ended 31 December 2023 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the Going Concern section on page 75 of the financial statements. As detailed in the relevant note on page 75, the cash shortfalls forecast in the directors' base case scenario without an immediate cash injection, the uncertainty surrounding the availability of funds to finance the commercial development of the group and company's projects through to cash generation, as well as ongoing working capital requirements, indicates the existence of a material uncertainty that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included the following:

- obtaining an understanding of directors' going concern assessment and working capital management process and evaluating the design and implementation of embedded controls.
- reviews of directors' cash flow forecasts for at least twelve months from the expected date of accounts approval.
- challenge to assumptions that directors made, having assessed the historical accuracy of assumptions made in the forecasts prepared by management to the actuals (retrospective review).
- obtaining supporting evidence for the options available to directors for further fundraising, or additional sources of funding, such as the additional drawdown on the existing facilities and long term equity finance at project level.
- assessment of the post-year end performance including revenues generated and the cash position as compared to the budget.
- understanding what forecast expenditure is committed and what could be considered discretionary.
- considering potential downside scenarios and the resultant impact on available funds.
- assessing the appropriateness of the disclosure in the financial statements relating to the going concern position of the group, including consideration of the material uncertainty identified.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £66,000 (2022: £50,000), based on approximately 5% of normalised group loss. Materiality for the parent company financial statements was set at £50,000 (2022: £42,500), based on 5% of normalised loss for the period.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to £46,200 (2022: £35,000). Performance materiality for the parent company was set at 70% of the parent company materiality, which equates to £30,000 (2022: £29,750).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Risk, Audit and Financial Position & Prospects Procedure (FPPP) Committee and the Board to report to it all identified errors in excess of £3,300 (2022: £2,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The group operates in the UK, and therefore the audit was conducted from the UK. The group audit team also undertook full scope audit of the individual trading subsidiaries of the group.

Our audit effort focused on higher risk areas, such as areas of management estimate and judgement, and revenue recognition. The audit approach and key audit matters identified in the current year have remained largely consistent with the prior year, being predominantly substantive, due to the business operations and group structure remaining consistent. As such, we placed limited reliance upon the group's internal control over financial reporting.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	*How our scope addressed the key audit matter*
Carrying value of intangible assets (group) and investment in subsidiary (parent only)	
The parent company holds a significant investment in subsidiary balance that is supported by a net present value of future cashflows model. The fair value less cost to sell assessment also supports the carrying value of the intangible assets. It is a forecast-based management estimate, underpinned by the future cash flows generated by the underlying projects, discounted to net present value. The risk is that potential impairment is not identified on a timely basis, or the projects do not progress to cash generation, requiring write-off or impairment. The group's accounting policy for impairment and intangible assets is set out on pages 49 - 50 of the financial statements. The key assumptions involved in estimating the fair value less cost to sell of the underlying projects which support the valuation of intangible assets and investment in subsidiary are presented in Notes 11 & 20.	We reviewed the accounting policies adopted by management in relation to the impairment assessment of intangible assets and investments in subsidiaries, confirmed that these are compliant with IFRS and have been applied consistently. We have assessed the design and implementation of systems and controls relevant to the impairment assessment. We challenged the key estimates and assumptions made in the fair value less cost to sell calculation prepared by a third party and updated by management, such as the amounts and timing of the forecast cash flows, length of the model, the discount factor, and the sensitivities applied. We compared the group's assumptions to externally derived data in relation to key inputs. We compared the sum of the discounted cash flows to the group's market capitalisation to assess the reasonableness of those cashflows. We ensured that the financial statements disclosures are fairly presented, complete and accurate. Based on the work performed, we are satisfied that the judgement and assumptions used by management in their impairment assessment are appropriate. We refer to Note XX for the results of management's sensitivity analysis.
Carrying value of property, plant and equipment	
The group owns several power generators which at the year end were not operational, having been placed in care and maintenance. Further, a significant overhaul is required for the engines before they can be considered for consistent running, indicating that an impairment might exist and that the useful economic life estimate might not be appropriate. The carrying value of the property, plant and equipment is supported by the fair value less cost to sell assessment. It is a management estimate of fair value based on the price expected to be achieved to sell the site in an orderly transaction at the financial year end date. The risk is that potential impairment is not identified in a timely basis, or the engines are not sufficiently overhauled to progress to cash generation, requiring write-off or impairment.	We obtained an understanding of the design and implementation of systems and controls relevant to the impairment assessment. We discussed the approach to estimating useful lives of the plant and machinery with the management and reviewed their component-based method, obtaining supporting evidence for the breakdown including scrap values. We discussed the operational capacity and the estimated useful life with the operations manager. We reviewed management's recoverability assessment in the form of a fair value estimate as at the year end date, and challenged the underlying estimates and assumptions by comparing these to observable third party data and support. Based on the work performed, we consider the judgements and assumptions used by management in their impairment assessment to be appropriate.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	*How our scope addressed the key audit matter*
The Group's accounting policy for property, plant and equipment is set out on page 51 of the financial statements.	
Accounting treatment of convertible loan note	
The Group reprofiled two existing convertible loan notes during the year into a single convertible loan note which consisted of two advances with differing terms. The accounting treatment of the loan was identified as a significant risk due to the complexity associated with the classification, recognition and measurement of the instrument. Furthermore, the recognition of the instrument involved high levels of management judgement and estimate making the accounting an area of significant risk. The balance of the liability at year end is £785,522. Refer to Note 19 of the financial statements for further detail. The Group's accounting policy for financial instruments is set out on page 53 of the financial statements.	We obtained the convertible loan reprofiling agreement, reviewed the loan terms and confirmed the loans meet the criteria for convertible loan notes. We audited management's technical accounting memo, challenging management to substantiate their assessment of the most appropriate accounting treatment for the financial instruments and the attached warrants in line with the contract terms and relevant accounting standards. We ensured that the debt vs equity classification of the financial instrument was in line with the applicable standards. We challenged management on the estimates they used when arriving at the fair value of the liability and equity components, and obtained supporting evidence for all inputs into the underlying calculations. We verified that the loan is properly classified between current and non-current. Based on the work performed, we are comfortable with the classification of the instrument and the estimates used by management in valuing the liability and equity portions of the convertible loan notes.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 33 and 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
We obtained an understanding of the legal and regulatory frameworks within which the group and company operate, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.
We assessed the nature of the group's business, the control environment and performance to date when evaluating the incentives and opportunities to commit fraud.
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management to manipulate financial reporting through bias in accounting estimates, override of controls with the aim of misappropriating funds, and fraud in revenue recognition. Our audit procedures in relation to revenue recognition are detailed in the KAM section of this report. Our procedures to address the risk of management override included:

- enquiries of management and directors about their own identification and assessment of the risks of irregularities;
- review of the system for the generation, authorisation and posting of journal entries;

INDEPENDENT AUDITOR'S REPORT

- obtaining supporting evidence for a risk-based sample of journals, derived using a data analytics tool;
- audit of significant transactions outside the normal course of business, or those that appear unusual;
- considering audit adjustments identified from our audit work for evidence of bias in reporting;
- considering significant estimates and judgements made by management for evidence of bias, and performing retrospective reviews;
- reviewing the other information presented in the annual report for fair representation and consistency with the audited financial statements and the information available to us as the auditors.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Risk, Audit and FPPP Committee on 31 January 2022 to audit the financial statements for the period ended 31 December 2021. Our total uninterrupted period of engagement is 3 years, covering the period ended 31 December 2021 and years ended 31 December 2022 and 31 December 2023.
The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.
Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Stallabrass

Matthew Stallabrass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

29 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group	
		Year ended 31 December 2023 Audited	**Year ended 31 December 2022 Audited**
	Note	**£**	**£**
Revenue	2	341,207	1,036,743
Cost of sales		(223,838)	(778,802)
Gross profit/(loss)		**117,369**	**257,941**
Administrative expenses		(941,941)	(921,769)
Impairment		(1,857,604)	(1,288,578)
Listing and other corporate fees		(464,853)	(107,676)
Project expenditure		(343,718)	(661,079)
Operating loss		**(3,490,747)**	**(2,721,161)**
Other income	3	40,375	86,558
Finance income		1,117	-
Finance costs		(90,139)	(98,397)
Loss before tax	4	**(3,539,394)**	**(2,733,000)**
Taxation	7	-	-
Loss for the period		**(3,539,394)**	**(2,733,000)**
Total comprehensive loss for the period		**(3,539,394)**	**(2,733,000)**
Loss for the period		**(3,539,394)**	**(2,733,000)**
Attributable to the owners of the parent		(3,539,394)	(2,733,000)
Attributable to the non-controlling interest		-	-
Total comprehensive loss for the period		**(3,539,394)**	**(2,733,000)**
Attributable to the owners of the parent		(3,539,394)	(2,733,000)
Attributable to the non-controlling interest		-	-
Loss Per Share			
Basic loss per share(pence)	9	(1.51)	(1.36)
Diluted loss per share(pence)	9	(1.51)	(1.36)

All activities derive from continuing operations.

The accompanying notes on pages 48-77 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group	
		31 December 2023 Audited	31 December 2022 Audited
	Note	£	£
Assets			
Non-current assets			
Property, plant and equipment	10	2,080,869	2,552,837
Intangible assets	11	397,779	1,795,683
Total non-current assets		**2,478,648**	**4,348,520**
Current assets			
Other receivables	13	122,649	136,801
Cash and cash equivalents	14	252	132,184
Total current assets		**122,901**	**268,985**
Total assets		**2,601,549**	**4,617,505**
Equity and liabilities			
Equity			
Called up share capital	15	263,854	217,453
Share premium account	15	13,183,277	12,653,607
Share reserve	15	81,329	-
Warrant reserve	16	380,741	-
Common control reserve	16	383,048	383,048
Non-controlling interest acquired	16	(4,065,586)	(4,065,586)
Retained deficit		(10,611,172)	(7,071,778)
Total equity		**(384,509)**	**2,116,744**
Liabilities			
Non-current liabilities			
Lease liability	10	405,390	346,674
Other financial liabilities	19	318,925	243,056
Total non-current liabilities		**724,315**	**589,730**
Current liabilities			
Lease liability	10	4,205	3,980
Loans from related parties	17	849,253	1,231,535
Trade and other payables	18	941,688	300,325
CLN Derivative liability	19	22,232	20,386
Other financial liabilities	19	444,365	354,805
Total current liabilities		**2,261,743**	**1,911,031**
Total liabilities		**2,986,058**	**2,500,761**
Total equity and liabilities		**2,601,549**	**4,617,505**

The accompanying notes on pages 48-77 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 29 April 2024 and signed on its behalf by:
On behalf of the Board:

Pieter Krügel **Paul Venter**

COMPANY STATEMENT OF FINANCIAL POSITION

		31 December 2023 Audited	31 December 2022 Audited
		£	£
Assets			
Non-current assets			
Property, plant and equipment		2,427	4,016
Investments in group undertakings	12 & 20	4,469,113	8,620,224
Total non-current assets		**4,471,540**	**8,624,240**
Current assets			
Other receivables	13	30,862	16,457
Cash and cash equivalents	14	6	48,816
Total current assets		**30,868**	**65,273**
Total assets		**4,502,408**	**8,689,513**
Equity and liabilities			
Equity			
Called up share capital	15	263,854	217,453
Share premium	15	13,183,277	12,653,607
Share reserve	15	81,329	-
Warrant reserve	16	380,741	-
Retained deficit		(10,713,861)	(4,898,993)
Total Equity		**3,195,340**	**7,972,067**
Liabilities			
Non-current liabilities			
Other financial liabilities	19	318,925	243,056
Total non-current liabilities		**318,925**	**243,056**
Current liabilities			
Other financial liabilities	19	444,365	354,805
CLN Derivative liability	19	22,232	20,386
Trade and other payables	18	521,546	99,199
Total current liabilities		**988,143**	**474,390**
Total liabilities		**1,307,068**	**717,446**
Total equity and liabilities		**4,502,408**	**8,689,513**

Equity includes a loss for the period of the parent Company of £5,814,868.

The accompanying notes on pages 48-77 form integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2024 and signed on its behalf by:

On behalf of the Board:

Pieter Krügel | **Paul Venter**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share Reserve	Common Control Reserve	Warrants Reserves	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	-	-	-	-	-	-	(2,733,000)	(2,733,000)
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	-	-	-	-	-	-	(3,539,394)	(3,539,394)
Warrants issued during the year	-	-	-	-	380,741	-	-	380,741
Loans partially settled in shares	14,755	92,317	-	-	-	-	-	107,072
Directors loan repayable in shares	-	-	81,329	-	-	-	-	81,329
Loan with holding company settled in shares	31,646	437,353	-	-	-	-	-	468,999
Balance at 31 December 2023	**263,854**	**13,183,277**	**81,329**	**383,048**	**380,741**	**(4,065,586)**	**(10,611,172)**	**(384,509)**

The notes on pages 48-77 form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share Reserve	Warrants Reserve	Retained deficit	Total
	£	£	£	£	£	£
Balance at 31 December 2021	**188,717**	**11,682,343**	**-**	**-**	**(1,557,026)**	**10,314,034**
Total comprehensive loss for the period	-	-	-	-	(3,341,967)	(3,341,967)
Loan with holding company settled in shares	28,736	971,264	-	-	-	1,000,000
Balance at 31 December 2022	**217,453**	**12,653,607**	**-**	**-**	**(4,898,993)**	**7,972,067**
Total comprehensive loss for the period	-	-	-	-	(5,814,868)	(5,814,868)
Warrants issued during the year	-	-	-	380,741	-	380,741
Loans partially settled in shares	14,755	92,317	-	-	-	107,072
Directors loan repayable in shares	-	-	81,329	-	-	81,329
Loan with holding company settled in shares	31,646	437,353	-	-	-	468,999
Balance at 31 December 2023	**263,854**	**13,183,277**	**81,329**	**380,741**	**(10,713,861)**	**3,195,340**

The accompanying notes on pages 48-77 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 Audited £	Year ended 31 December 2022 Audited £
Cash flows from operating activities			
Loss for the period before taxation		(3,539,394)	(2,733,000)
Adjusted for:			
Depreciation		74,542	65,948
Loss / (gain) on revaluation of CLN derivative liabilities		86,558	(86,558)
Impairment of intangible assets		1,397,904	1,288,578
Impairment of PPE		459,700	-
Implementation fee on reprofiling of convertible loan notes		48,950	-
Non-cash interest accrued		88,731	96,828
Other non-cash items		369	(2,085)
		(1,382,640)	**(1,370,289)**
Movement in working capital			
Increase in debtors	13	14,152	45,043
Increase in creditors	18	641,363	40,819
		655,515	85,862
Net cash outflows from operating activities		**(727,125)**	**(1,284,427)**
Cash flows from investing activities			
Deferred payment on Pyebridge paid		-	(555,535)
Intangible assets acquired		-	(338,988)
Property, plant and equipment acquired		-	(79,827))
Net cash outflows to investing activities		**-**	**(974,350)**
Cash flows from financing activities			
Lease liability repaid		(39,292)	(27,000)
Loans from related parties repaid		-	(37,500)
Proceeds from convertible loan notes		85,800	650,000
Proceeds from director’s loan		81,329	-
Proceeds from shareholders loan		86,615	-
Warrants issued		380,741	-
Net cash received from financing activities		**595,193**	**585,500**
Net decrease in cash and cash equivalents		(131,932)	(1,673,277)
Cash and cash equivalents at beginning of period		132,184	1,805,461
Cash and cash equivalents at end of the period	14	**252**	**132,184**

The accompanying notes on pages 48-77 form an integral part of these financial statements.

During the year the group incurred the following significant non-cashflow transactions:
- Reprofiling of convertible loan notes including their related derivative liabilities.
- Partial settlement of loans from the shareholder through share issuance
- Share based payment expenditure incurred for warrants issued.

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 Audited £	Year ended 31 December 2022 Audited £
Cash flows from operating activities			
Loss for the period before taxation		(5,814,868)	(3,341,967)
Adjusted for:			
Non-cash interest accrued		52,772	54,806
Depreciation		1,589	751
Impairment loss		4,371,432	2,489,731
Implementation fee on reprofiling of convertible loan notes		48,950	-
Loss / (gain) on revaluation of CLN derivative liabilities		86,558	(86,558)
Other non-cash items		267	-
		(1,253,300)	**(883,237)**
Movement in working capital			
Increase in debtors	13	(14,405)	(11,912)
Increase in creditors	18	422,347	63,171
		407,942	**51,259**
Net cash outflows from operating activities		**(845,358)**	**(831,979)**
Cash flows from investing activities			
Property, plant and equipment acquired		-	(4,767)
Return of capital contribution / (Investment) in subsidiary		248,678	(1,551,773)
Net cash received from / (outflows to) investing activities		**248,678**	**(1,556,540)**
Cash flows from financing activities			
Proceeds from convertible loan notes		85,800	650,000
Proceeds from directors loan		81,329	-
Warrants issued		380,741	-
Net cash received from financing activities		**547,870**	**650,000**
Net decrease in cash and cash equivalents		**(48,810)**	**(1,738,519)**
Cash and cash equivalents at beginning of period		48,816	1,787,335
Cash and cash equivalents at end of the period	14	**6**	**48,816**

The accompanying notes on pages 48-77 form an integral part of these financial statements.

During the year the company incurred the following significant non-cashflow transactions:
- Reprofiling of convertible loan notes including their related derivative liabilities.
- Partial settlement of subsidiary loans from the company's shareholder through share issuance
- Share based payment expenditure incurred for warrants issued.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

MAST Energy Developments PLC ("the Company") is a Company incorporated in England and Wales. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Company and its subsidiaries are related to the development and production of power generation projects in the United Kingdom.

The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act 2006 which permits a Company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 408 of the Companies Act 2006, from presenting to its members its Company Income Statement and related notes that form part of the approved Company financial statements.

Going Concern

Please refer to the Directors' Report and Note 24 for the directors' assessment and disclosure of the going concern basis of preparation.

Statement of Preparation

The Group and Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted by the United Kingdom. The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act 2006 and UK adopted international financial reporting standards.

Statement of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of Preparation

The Group and Company financial statements are prepared on the historical cost basis. The accounting policies have been applied consistently throughout the Group entities, and are consistent with those of the comparative period. The Group and Company financial statements have been prepared on a going concern basis as explained in the notes to the financial statements.

The individual financial information of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial information of the Group is presented in Pounds Sterling, which is the presentation currency for the Group. The functional currency of each of the Group entities is the local currency of each individual entity.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 non-financial 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. 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. Refer to Note 11 for detailed sensitivity analysis related to a potential change in the key estimation uncertainties inherent in the impairment assessment.

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.

Estimation uncertainty in the valuation of share-based instruments in issue
Share-based instruments issued, such as warrants or options, or payments made require significant judgment and estimate concerning the method of valuation applied and key inputs applied respectively. In order to calculate the charge for share based warrants issued or payments as required by IFRS 9 and IFRS 2 respectively, the Group makes estimates principally relating to the assumptions used in its option-pricing model. Refer to Note 19 for details on valuation of share-based transactions, including options and warrants granted.

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.

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 31 December 2023, mainly due to the loans from related parties in the amount of £849,253 (2022: £1,231,535) which contributes significantly to the material uncertainty related to the going concern assumption applied in preparation of the financial statements. Management applies judgement in determining whether or not the Group is able to continue as a going concern for the foreseeable future, in identifying the matters which give rise to the existence of the material uncertainty, and in developing responses thereto in order to address the risk of material uncertainty.

Consolidation

The consolidated annual financial statements comprise the financial statements of MAST Energy Developments PLC and its subsidiaries for the year ended 31 December 2023, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

Non-controlling interest arising from a business combination is measured either at their share of the net asset value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Intangible Assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in Note 11. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment

Non-financial assets
Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. The cost of self-constructed items of property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the items of property, plant and equipment to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Assets under construction are not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

- Plant & machinery at 5% straight line;
- Right of Use assets straight line over the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Useful lives are affected by technology innovations, maintenance programmes and future economic benefits. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

On disposal of property, plant and equipment the cost and the related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the Statement of Comprehensive Income.

Right-of-use assets and corresponding lease liability

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate. In determining the present value of the lease liability, the Group has used its incremental borrowing rate of prime as the rate implicit in the lease was not readily available. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade payables.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Finance income and expense

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of listed securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on forward exchange contracts that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Financial Instruments

Recognition
Financial instruments comprise loans receivable, trade and other receivables, cash and cash equivalents, trade and other payables, other financial liabilities and bank overdrafts.
Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Classification
The Group classifies financial assets on initial recognition as measured at amortised cost as the Group's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial liabilities are classified at amortised cost.

Financial assets	**Classification**
Trade and other receivables	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost

Financial liabilities	**Classification**
Loans from related parties	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost
Other financial liability	Financial liabilities at amortised cost
CLN Derivative liability	Financial liabilities at fair value through profit or loss

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Measurement on Initial recognition
All financial assets and liabilities are initially measured at fair value, including transaction costs.

Subsequent measurement
Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial assets held at fair value through profit or loss are revalued at year end to relevant market prices of the underlying instruments.

De-recognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On de-recognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment of Financial Assets not carried at Fair value

Under IFRS 9 the Group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit or loss.

Warrant reserves

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.

Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised directly in equity.

Issue expenses and share premium account

Issue expenses are separately disclosed and not written off against the premium arising on the issue of share capital.

Share-based payment transactions of the company

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Revenue from contracts with customers

The Group and Company recognise revenue from the following major source:

- Provision of produced electricity generated from peaker power plants.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The revenue is generated upon consumption by the customer and is recognised at a point in time based on the variable consumption for the specific period for which the revenue is recognised.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NEW STANDARDS AND INTERPRETATIONS

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.	To be determined by the IASB.
Non-current liabilities with covenants – amendments to IAS 1 The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.	1 January 2024
Lease liability in a sale and leaseback The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.	1 January 2024

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

The Group expects to adopt all relevant standards and interpretations as and when they become effective.

Standards and interpretations which are effective in the current period (Changes in accounting policies):

None of these standards which became effective during the period which are applicable to the Group, have had a material impact.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Segment analysis

The Group discloses segmental analysis based on its different operations, being ADV 001 (Hindlip Lane), ARL 018 (Stather Road), Bordersley, Rochdale . and Pyebridge.

	ADV001 Hindlip Lane	ARL018 Stather Road	Bordersley	Rochdale	Pyebridge	Treasury and Investment	Group
31 December 2023	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Revenue	-	-	-	-	341,207	-	341,207
Cost of sales	-	-			(223,838)	-	(223,838)
Administrative and other expenses	(14,302)	(20,313)	(37,736)	(9,377)	(46,424)	(1,319,017)	(1,447,169)
Depreciation	-	(2,509)	(11,941)		(58,504)	(1,588)	(74,542)
Impairment	-	(208,398)	(1,649,206)	-	-	-	(1,857,604)
Project costs	(38,434)	(5,743)	(27,972)	(23,396)	(173,631)	-	(269,176)
Other income					126,933	(86,558)	40,375
Operating loss	**(52,736)**	**(236,963)**	**(1,726,855)**	**(32,773)**	**(34,257)**	**(1,407,163)**	**(3,490,747)**
Total assets	**9,163**	**117,215**	**392,155**	**91,134**	**2,020,584**	**28,702**	**2,601,549**
Capital expenditure	-	-	-	-	-	-	-
Total liabilities	**(25,979)**	**(139,276)**	**(389,225)**	**(38,391)**	**(174,537)**	**(2,218,650)**	**(2,986,058)**
31 December 2022	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Revenue	-	-	-	-	1,036,743	-	1,036,743
Cost of sales	-	-	-	-	(778,802)	-	(778,802)
Administrative and other expenses	(22,617)	(9,713)	(58,663)	(10,763)	(177)	(1,025,909)	(1,127,842)
Depreciation	-	-	(11,938)	-	(52,632)	(751)	(65,321)
Impairment	-	-	(1,288,578)	-	-	-	(1,288,578)
Project costs	(988)	(1,254)	(222,296)	(104,090)	(255,601)	(11,529)	(595,758)
Other income	-	-	-	-	-	86,558	86,558
Loss before tax	**(23,605)**	**(10,967)**	**(1,581,475)**	**(114,853)**	**(50,469)**	**(951,631)**	**(2,733,000)**
Total assets	**265,170**	**210,907**	**1,733,554**	**262,043**	**2,082,352**	**63,479**	**4,617,505**
Capital expenditure	57,962	-	17,099	-	-	4,766	79,827
Total liabilities	**-**	**(109,898)**	**(296,984)**	**(6,897)**	**(133,650)**	**(1,953,332)**	**(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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Revenue

	31 December 2023 (£) Group	31 December 2022 (£) Group
Wholesale electricity sales	261,126	1,036,743
Capacity market	80,081	-
	341,207	**1,036,743**

Revenue comprised electricity sales and capacity market receipts.

3. Other Income

	31 December 2023(£) Group	31 December 2022 (£) Group
(Reversal of gain) / Gain on revaluation of CLN derivative liabilities	(86,558)	86,558
Insurance claims	126,933	-
	40,375	**86,558**

During the financial year the Group had no other income not listed above. The reversal of gain on CLN derivative liabilities was the result of the reprofiling of the convertible loan note agreements with institutional lenders from the prior year.

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after the following key transactions:	31 December 2023 (£) Group	31 December 2022 (£) Group
Depreciation of property, plant and equipment	74,542	65,948
Impairment of intangible assets & PPE	1,857,604	1,288,578
Loss / (gain) on revaluation of CLN derivative liabilities	86,558	(86,558)

5. Auditors remuneration

	31 December 2023 (£)	31 December 2022 (£)
Audit fees for the audit of the Company's annual accounts	20,000	18,750
Fees payable to the Company's auditor and its associates for:		
Audit fees for audit of Company's subsidiaries required by legislation	43,875	41,250
Audit fees to the Company's auditors	**63,875**	**60,000**
Non-audit services (Reporting Accountant Engagement)	14,400	36,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. Directors' emoluments

	Group 31 December 2023 (£)	Group 31 December 2022 (£)	Company 31 December 2023(£)	Company 31 December 2022 (£)
Basic salary and fees	265,844	233,075	265,844	245,075
	265,844	**233,075**	**265,844**	**245,075**

The emoluments of the Chairman were £36,000 (2022: £36,000).

The emoluments of the highest paid Director were £157,844 (2022: £83,075).

The following table summarises the remuneration applicable to each of the individuals who held office as a Director during the reporting period:

31 December 2023	Salary and fees £	Salary and fees settled in shares £	Warrants issued £	Total £
Louis Coetzee	36,000	-	-	36,000
Pieter Krügel	157,844	-	-	157,844
Paul Venter	36,000	-	-	36,000
Dominic Traynor	36,000	-	-	36,000
Total	**265,844**	**-**	**-**	**265,844**

31 December 2022	Salary and fees £	Salary and fees settled in shares £	Warrants issued £	Total £
Louis Coetzee	36,000	-	-	36,000
Pieter Krügel (appointed on 13 July 2022)	83,075	-	-	83,075
Paul Venter	78,000	-	-	78,000
Dominic Traynor	36,000	-	-	36,000
Total	**233,075**	**-**	**-**	**233,075**

Director salaries and fees accrued as at 31 December 2023 amount to £112,858 (2022: £Nil).

There were no other elements of Director's remuneration incurred in the current or prior period, other than those stated above.

7. Taxation

Current tax

	31 December 2023 (£)	31 December 2022 (£)
Charge for the period in the United Kingdom	-	-
Total tax charge	**-**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The difference between the total current tax shown above and the amount calculated by applying the standard rate of corporation tax for various jurisdictions to the loss before tax is as follows:

	2023 (£)	2022 (£)
Loss on ordinary activities before tax	**(3,539,394)**	**(2,733,000)**
Income tax expense calculated at 25% (2022: 19%)	(884,849)	(519,270)
Expenses which are not deductible – Impairment of intangible assets	464,401	244,830
Losses available for carry forward for which no deferred tax assets are recognised	420,448	274,440
Income tax expense recognised in the Statement of Profit or Loss	-	-

The effective tax rate used for the December 2023 and December 2022 reconciliations above is the corporate rate of 25% and 19% payable respectively by corporate entities on taxable profits under tax law in the United Kingdom. The corporate rate changed effective 1 April 2023.

No provision has been made for the 2023 deferred taxation as no taxable income has been received to date, and the probability of future taxable income is indicative of current market conditions which remain uncertain.

At the Statement of Financial Position date, the Directors estimate that the Group has unused tax losses of £5,641,079 (2022: £3,959,289) available for potential offset against future profits which equates to an estimated potential deferred tax asset of £1,410,270 (2022: £989,822).

Losses may be carried forward indefinitely in accordance with the applicable taxation regulations ruling within each of the above jurisdictions.

8. Loss of parent Company

As permitted by Section 408 of the Companies Act 2006, the Statement of Profit or Loss of the parent Company has not been separately disclosed in these financial statements. The parent Company's loss for the financial period was £5,814,868 (2022: £3,341,967).

Furthermore, in terms of the Section 414(1) of the Companies Act 2006, the Statement of Profit or Loss of the parent Company has been approved by the Directors.

9. 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	**31 December 2023 (£)**	**31 December 2022 (£)**
Loss for the period attributable to equity holders of the parent	(3,539,394)	(2,733,000)
Weighted average number of ordinary shares for the purposes of basic loss per share	234,172,196	200,919,900
Basic loss per ordinary share (pence)	(1.51)	(1.36)

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. Property, plant and equipment

Group	Land (£)	Plant & Machinery (£)	Right of use assets (£)	Computer Equipment (£)	Asset under construction (£)	Total (£)
Cost						
Cost as at 1 January 2023	**602,500**	**1,665,429**	**355,883**	**4,766**	**-**	**2,628,578**
Change in lease	-	-	62,274	-	-	62,274
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer between classes		(126,800)			126,800	-
Closing Cost as at 31 December 2023	**602,500**	**1,538,629**	**418,157**	**4,766**	**126,800**	**2,690,852**
Accumulated Depreciation ("Acc Depr")						
Acc Depr as at 1 January 2023	**-**	**(52,632)**	**(22,358)**	**(751)**	**-**	**(75,741)**
Depreciation	-	(58,504)	(14,449)	(1,589)	-	(74,542)
Impairments	-	-	(381,350)	-	(78,350)	(459,700)
Acc Depr as at 31 December 2023	**-**	**(111,136)**	**(418,157)**	**(2,340)**	**(78,350)**	**(609,983)**
Carrying value						
Carrying value as at 31 December 2023	**602,500**	**1,427,493**	**-**	**2,426**	**48,450**	**2,080,869**

During the year, the Group reassessed its property, plant and equipment's useful lives and residual values. The Pyebridge Plant and Machinery was found to have differing useful lives based on its underlying components, one being the generation set and the other the balance of plant. The genset being at the end of its useful life, pending a significant overhaul, will be held at its residual value and the remaining plant depreciated over the remaining life of the project. This change in estimate resulted in a reduction of £4,656 depreciation for the year and will remain until such time as the planned overhaul is completed.

The Group has two lease contracts recognised as right of use assets for :
- Land located at Bordersley, Liverpool St. Birmingham and;
- Land lying on the South Side of Stather Road, Flixborough.

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's obligations under its leases are secured by the lessor's title to the leased assets. The Group's incremental borrowing rate is between 8.44% and 10.38% (2022: 8.44%).

The Group has tested its property, plant and equipment for impairment in line with its directors' estimation of the recoverable amount for those assets. Refer to note 11 for the key variables used in the estimation of the value thereof.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	31 December 2023(£) Group	31 December 2022(£) Group
Right of use assets		
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Opening balance	**333,525**	**284,000**
Additions	-	62,090
Change in lease	62,274	-
Impairment	(381,350)	
Depreciation	(14,449)	(12,565)
Closing balance	**-**	**333,525**
Lease liability		
Set out below are the carrying amounts of lease liabilities and the movements during the period:		
Opening balance	**350,654**	**291,518**
Additions	-	60,005
Interest	35,959	26,131
Change in lease	62,274	-
Repayment	(39,292)	(27,000)
Closing balance	**409,595**	**350,654**
Split of lease liability between current and non-current portions:		
Non-current	405,390	346,674
Current	4,205	3,980
Total	**409,595**	**350,654**
Future minimum lease payments fall due as follows		
- within 1 year	39,826	33,960
- later than 1 year but within 5 years	159,304	135,840
- later than 5 years	851,812	756,720
Subtotal	**1,050,942**	**926,520**
- Unearned future finance charges	(641,347)	(575,866)
Closing balance	**409,595**	**350,654**

A 100bp change in the Incremental Borrowing Rate ("IBR"), would result in a £33,643 (2022: £29,603) change in the Right of Use Asset, and corresponding Lease Liability on transaction date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Intangible assets

Intangible assets consist of separately identifiable assets or intellectual property 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 2022	**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
Impairment	-	(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**
Impairment	-	(1,306,422)	(91,482)	-	(1,397,904)
Carrying value as at 31 December 2023	**150,273**	**-**	**-**	**247,506**	**397,779**

Intangible assets are amortised once commercial production commenced, over the remaining useful life of the project, which is estimated to be between 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.

When the following circumstance arise, it indicates that an entity should test an intangible asset for impairment:
- the carrying value of the project assets (deemed to be property, plant and equipment as well as intangible asset) exceed the recoverable amount of the assets.

In assessing whether a write-down is required in the carrying value of a potentially impaired intangible asset, the asset's carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal (FVLCD) and value in use (VIU). The valuation techniques applicable to the valuation of the abovementioned intangible assets comprise a combination of fair market values, discounted cash flow projections and historic transaction prices.

The following key assumptions influence the measurement of the intangible assets' recoverable amounts, through utilising the forecast-based estimates performed:
- energy prices pegged from base year;
- commercial viability period;
- cost of capital related to funding requirements;
- applicable inflationary increases in energy prices and related costs;
- future operating expenditure for developments of the project; and
- co-operation of key project partners going forward.

Through review of the project specific financial, operational, market and economic indicators applicable to the above intangible assets, as well as consideration of the various elements which contribute toward the indication of impairment, it was concluded impairment was necessary in the 2023 financial period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

A summary of the assessment performed for each of the intangible assets are detailed below.

Key estimation variables	**ADV001**	**ARL018**
Recoverable value of project	£685,141	-
Recoverable value method of calculation	FVLCD	FVLCD
Life of project	20 years	20 years
Weighted average cost of capital ("WACC")	12.39%	12.39%
Output	7.0 MW	2.4 MW
Average £/MW output	£171,347 per MW output	£172,697 per MW output
Debt/Equity ratio	67/33	67/33
Sensitivity analysis		
Project delayed by 6 months	(£51,689)	-
250bps Increase/Decrease in WACC	(£685,141) / £1,079,758	-
250bps Increase/Decrease in £/MW output	£393,537 / (£393,537)	-
Project life decreased by 5 years	(£306,816)	-

Key estimation variables	**Bordersley**	**Rochdale**
Recoverable value of project	£48,449	£568,844
Recoverable value method of calculation	FVLCD	FVLCD
Life of project	20 years	20 years
Weighted average cost of capital ("WACC")	12.39%	12.39%
Output	5.0 MW	4.4 MW
Average annual £/MW output	£410,606 per MW output	£518,620 per MW output
Debt/Equity ratio	67/33	67/33
Sensitivity analysis		
Project delayed by 6 months	(£3,304)	(£43,833)
250bps Increase/Decrease in WACC	(£48,449) / £612,219	(£544,043) / £753,963
250bps Increase/Decrease in £/MW output	£115,246 / (£48,499)	£268,599 / (£268,599)
Project life decreased by 5 years	(£48,449)	(£317,634)

The Group is exposed to significant market volatility in its estimate of the weighted average cost of capital. The risk free rate for the market in which the Group operates was negatively affected during the financial year as a direct result of the war between Russia and Ukraine.

The market interest rates have slightly decreased year on year and the weighted average cost of capital decreased from +-13.5% in the previous year to 12.4% for the current financial year. Inflation has however increased, and the electricity prices were under pressure in 2023. This has resulted in impairments being required for the investments and intangible assets.

The assessment of the fair value less cost of disposal of the intangible assets resulted in an impairment of £1,857,604 (2022:£1,288,478) being recognised of which £1,397,904 was applied against the relevant projects' intangible assets. The most significant contributor to the impairment required was the inflation, pressure on electricity prices and change in capital expenditure forecasted for the development of the projects.

The directors have performed further sensitivity analysis on the forecasts with the following variables being assessed:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Key estimation variables	Reason for assessment
Projects delayed by 6 months	The projects may be delayed due to project funding restrictions.
250bps Increase/Decrease in WACC	The market interest rates have been volatile during the financial year and due to the above average interest rate increases an assessment of 250bps increase or decrease was performed.
250bps Increase/Decrease in £/MW output	The energy market has experienced above average movements during the financial year and an assessment of 250bps increase or decrease was performed.
Projects life reduced by 5 years	The projects may be abandoned in 15 years due to excessive wear on the plant or significant change in market sentiment regarding natural gas.

12. Acquisition of interests in other entities

ADV 001 Ltd – 2022

Sloane Developments (Sloane) acquired a 100% interest in ADV 001 Limited ("Hindlip Lane"), from DKE Flexible Energy Limited, for the installation of a 7.5 MW gas-peaker plant in Buildings Farm, Hindlip Lane, Hindlip, Worcester, WR3 8SB.

The acquisition purchase price totals £262,500 of which £88,817 is utilised to settle a shareholders loan of the same amount and the remainder of £173,683 is allocated towards purchasing all issued shares of the business. The acquisition purchase price is to be paid from a credit loan obtained from Riverfort Global Opportunities PCC Limited and Sanderson Capital Partners Limited. A further £10,694 was paid in cash by MAST Energy Developments PLC ("MED") of which £8,020 is allocated to the purchase price of Hindlip Lane.

The acquisition of land and gas-powered generation facility will be accounted for as assets purchased at consolidated level, and not as a business combination in accordance with IFRS 3. Therefore, the purchase price has been allocated to the property, plant and equipment and intangible assets, as disclosed in Note 10 and Note 11 respectively.

ARL 018 Ltd – 2022

Sloane Developments (Sloane) acquired a 100% interest in ARL 018 Limited ("Stather Road"), from DKE Flexible Energy Limited, for the installation of a 2.4 MW gas-peaker plant on Land lying on the south side of Stather Road, Flixborough.

The acquisition purchase price totals £87,500 of which £54,882is utilised to settle a shareholders loan of the same amount and the remainder of £32,618 is allocated towards purchasing all issued shares of the business. The acquisition purchase price is to be paid from a credit loan obtained from RiverFort Global Opportunities PCC Limited and Sanderson Capital Partners Limited. A further £10,694 was paid in cash by MAST Energy Developments PLC ("MED") of which £2,673 is allocated to the purchase price of Stather Road.

The acquisition of land and gas-powered generation facility will be accounted for as assets purchased at consolidated level, and not as a business combination in accordance with IFRS 3. Therefore, the purchase price has been allocated to the property, plant and equipment and intangible assets, as disclosed in Note 10 and Note 11 respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Sloane Energy Limited – 2023

During 2023, Sloane Developments (Sloane) founded and acquired 100% equity interest in Sloane Energy Limited. At the reporting date the company was dormant.

Charges registered with Companies House

Charges in terms of Chapter A1 Part 25 of the Companies Act 2006 have been registered with Companies House over the following investments on 18 May 2023 and remain in effect as at reporting date:

- ADV 001 Limited
- ARL 018 Limited
- Bordersley Power Limited
- Pyebridge Power Limited
- Rochdale Power Limited
- Sloane Developments Limited

13. Other receivables

	Group 2023 (£)	Group 2022 (£)	Company 2023 (£)	Company 2022 (£)
Consists of:				
Other receivables	122,649	136,801	30,862	16,457
	122,649	**136,801**	**30,862**	**16,457**

The carrying value of current trade and other receivables approximates their fair value due to the short nature thereof.

Trade and other receivables pledged as security

None of the above stated trade and other receivables were pledged as security at period end. Credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical repayment trends of the individual debtors.

14. Cash and cash equivalents

	Group 2023 (£)	Group 2022 (£)	Company 2023 (£)	Company 2022 (£)
Cash consists of:				
Cash at bank and in hand	252	132,184	6	48,816
	252	**132,184**	**6**	**48,816**

Cash and cash equivalents have not been ceded or placed as encumbrance toward any liabilities as at year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Share capital - Group and Company

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

	2023	2022
Allotted, issued and fully paid shares		
(2023: 263,854,067 Ordinary shares of £0.001 each)	£263,854	-
(2022: 217,452,729 Ordinary shares of £0.001 each)	-	£217,453
	£263,854	**£217,453**

	Number of Shares	Ordinary Share Capital (£)	Share Premium (£)
Balance at 31 December 2022	**217,452,729**	**217,453**	**12,653,607**
Institutional lender loan repaid in shares	14,754,914	14,755	92,317
Loan with holding company settled in shares	31,646,424	31,646	437,353
Balance at 31 December 2023	**263,854,067**	**263,854**	**13,183,277**

All ordinary shares issued have the right to vote, right to receive dividends, a copy of the annual report, and the right to transfer ownership of their shares.

During the year the Company issued shares in partial settlement of shareholders and other loans in the amount of £576,071 (2022: £1,000,000) .

Furthermore, the Company borrowed £81,329 from a director Mr PF Venter in December 2023. The terms of the loan state that the loan is to be settled in shares by the longstop date of 14 December 2024. A share reserve was created for the pending share issue.

16. Reserves

Common control reserve

The common control reserve is the result of the capital reorganisation between the company, its holding and ultimate holding company during the 2020 financial year. As the reorganisation was outside the scope of IFRS 3, predecessor valuation accounting 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 the completion of the IPO on 14 April 2021, the Group acquired the remaining equity interest in MAST Energy Projects Ltd 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 and was under control of MED, the transaction was seen as a transaction with owners, and the financial impact recognised directly in equity of £4,065,586.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 SPV's.

Warrants

The following reconciliation serves to summarise the value attributable to the share-based payment reserve as at period end for the Company:

	Group and Company (£)	
	2023	**2022**
Opening balance of warrant reserve	-	-
Issue of warrants	380,741	-
	380,741	**-**

The following reconciliation serves to summarise the quantity of warrants in issue as at period end:

	Group and Company (£)	
	2022	**2021**
Opening balance	-	-
New warrants issued	86,814,562	-
	86,814,562	**-**

The weighted average fair value of the warrants are 0.44p per option (2022: Nil)

At 31 December 2023 the Group had 86,814,562 warrants outstanding:

Warrants

Date of Grant	Issue date	Expiry date	Exercise price	Number granted	Exercisable as at 31 December 2023
18 May 2023	18 May 2023	18 May 2026	2p	2,255,656	2,255,656
18 May 2023	18 May 2023	18 May 2026	2p	2,255,656	2,255,656
18 May 2023	18 May 2023	18 May 2027	0.89p	20,575,813	20,575,813
18 May 2023	18 May 2023	18 May 2027	1.8p	20,575,813	20,575,813
18 May 2023	18 May 2023	18 May 2027	0.89p	20,575,812	20,575,812
18 May 2023	18 May 2023	18 May 2027	1.8p	20,575,812	20,575,812
				86,814,562	**86,814,562**
Total contingently issuable shares				**86,814,562**	**86,814,562**

17. Loans from related parties

	Group 2023 (£)	Group 2022 (£)	Company 2023(£)	Company 2022 (£)
Amounts falling due within one year:				
Kibo Mining (Cyprus) Limited	849,253	1,231,535	-	-
	849,253	**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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Trade and other payables

	Group 2023 (£)	Group 2022 (£)	Company 2023 (£)	Company 2022 (£)
Amounts falling due within one year:				
Trade payables	941,688	300,325	521,546	99,199
	941,688	**300,325**	**521,546**	**99,199**

The carrying value of current trade and other payables equals their fair value due mainly to the short term nature of these payables.

19. Other financial liability

	Group 2023(£)	Group 2022 (£)	Company 2023(£)	Company 2022 (£)
Amounts falling due within one year:				
Convertible loan notes	444,100	354,805	444,100	354,805
CLN Derivative liability	22,232	20,386	22,232	20,386
Accrued interest on directors loan	265	-	265	-
Amounts falling due between one year and five years:				
Convertible loan notes	318,925	243,056	318,925	243,056
	785,522	**618,247**	**785,522**	**618,247**

Convertible loan notes
Convertible loan notes consist of a facility from institutional lenders which reprofiled the outstanding convertible loan notes held during the previous financial year. The interest accrues at 9.5% to 10% per annum based on the terms applied for each advance of the facility. The convertible loan notes have embedded derivative liabilities which were recognised at fair value.

Accrued interest on director's loan
The director's loan consists of interest payable on a director's loan which is to be settled in shares (refer note 15). The interest is accrued at 7% per annum.

Reconciliation of movements in other financial and CLN derivative liabilities

Group

	Other financial liabilities (£)	CLN Derivative liabilities (£)	Total (£)
At 1 January 2023	**597,861**	**20,386**	**618,247**
Interest accrued for convertible loan notes and directors loan	53,039	-	53,039
Proceeds from convertible loan notes	85,800	-	85,800
Fair value adjustment of CLN derivative liability	-	86,558	86,558
Derecognition of CLN derivative liability derived from the convertible loan notes	106,944	(106,944)	-
Partial loan conversions	(107,072)	-	(107,072)
Implementation fee on reprofiling of convertible loan notes	48,950	-	48,950
Recognition of CLN derivative liability	(22,232)	22,232	-
At 31 December 2023	**763,290**	**22,232**	**785,522**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Company

	Other financial liabilities (£)	CLN Derivative liabilities (£)	Total (£)
At 1 January 2023	**597,861**	**20,386**	**618,247**
Interest accrued for convertible loan notes	53,039	-	53,039
Proceeds from convertible loan notes	85,800	-	85,800
Fair value adjustment of CLN derivative liability	-	86,558	86,558
Derecognition of CLN derivative liability derived from the convertible loan notes	106,944	(106,944)	-
Partial loan conversions	(107,072)	-	(107,072)
Implementation fee on reprofiling of convertible loan notes	48,950	-	48,950
Recognition of CLN derivative liability	(22,232)	22,232	-
At 31 December 2023	**763,290**	**22,232**	**785,522**

20. Investment in Group undertakings

Subsidiary undertakings

	31 December 2023 (£)	31 December 2022 (£)
Sloane Developments Limited	4,469,113	8,620,224
Total cost of investments	**4,469,113**	**8,620,224**

Subsidiary undertakings	**(£)**
Investments at Cost	
At 1 January 2022	**8,620,224**
Returns of capital contributions to subsidiaries	(248,678)
Loan from shareholders settled	468,999
Provision for impairment	(4,371,432)
At 31 December 2023 (£)	**4,469,113**

The above investment in subsidiaries comprises the carrying value of the investments in Sloane Developments Limited held by MAST Energy Developments PLC. Sloane Developments Limited holds the investments in Bordersley Power Ltd, Pyebridge Power Ltd, Rochdale Power Ltd, ADV 001 Limited as well as ARL 018 Limited, the capital contributions, net of impairment.

As at reporting period end, the investment in Sloane Developments Limited was subject to impairment review, incorporating the underlying recoverable amount estimate of each individual project owned by Sloane Developments Limited, being Bordersley Power Ltd, Rochdale Power Ltd, ADV 001 Limited as well as ARL 018 Limited. Pyebridge Power Ltd was measured at Fair Value less cost of disposal. Refer to Note 11 which includes further details surrounding the parameters utilised in determining the recoverable amounts for each of the underlying projects which support the recoverable amount of the investment in Sloane Developments Limited.

As at year end, the investment in Sloane Developments Limited, was impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

At 31 December 2023 the Company had the following undertakings:

Description	Subsidiary	Activity	Incorporated in	Interest held (2023)	Interest held (2022)
Directly held Investments					
Sloane Developments Limited	Subsidiary	Project holding Company	United Kingdom	100%	100%
Indirectly held Investments					
Bordersley Power Ltd	Subsidiary	Energy production	United Kingdom	100%	100%
Pyebridge Power Ltd	Subsidiary	Energy production	United Kingdom	100%	100%
Rochdale Power Ltd	Subsidiary	Energy production	United Kingdom	100%	100%
ARL 018 Limited (Stather Road)	Subsidiary	Energy production	United Kingdom	100%	100%
ADV001 Limited (Hindlip Lane)	Subsidiary	Energy production	United Kingdom	100%	100%
Sloane Energy Limited	Subsidiary	Dormant	United Kingdom	100%	0%

The registered address for all of the above is: Salisbury House, London Wall, London, EC2M 5PS.

21. Related party transactions

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
Noel O'Keeffe	Director of subsidiaries ADV001 Ltd, ARL018 Ltd and Sloane Energy Limited.

Other entities over which Directors/key management or their close family have control or significant influence:

Name	Relationship
PSCD Power 1 Ltd:	The Director of PSCD Power 1 Ltd is also a Director of MAST Energy Developments PLC.
Kibo Mining (Cyprus) Limited:	Kibo Mining (Cyprus) Limited is the majority shareholder of MAST Energy Developments PLC.
Ultimate shareholder:	Kibo Energy PLC.
Significant shareholders:	PSCD Power 1 Ltd

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Name	Relationship
	Kibo Mining (Cyprus) Limited
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
Indirectly held subsidiaries:	ADV 001 Limited
	ARL 018 Limited
	Bordersley Power Ltd
	Pyebridge Power Ltd
	Rochdale Power Ltd
	Sloane Energy Ltd

Balances

Name	Amount (£) 2023	Amount (£) 2022
Kibo Mining (Cyprus) Limited – Loan from related parties owing	849,253	1,231,535
Paul Venter – Director's loan owing (share reserve)	81,329	-
Paul Venter – Director's loan owing accrued interest	265	-
Kibo Energy PLC - Management and administration services accrued	32,130	-
Katoro Gold PLC – Receivable for management services paid on Katoro's behalf	21,140	-
Paul Venter – Director's remuneration due	18,371	-
Louis Coetzee – Director's remuneration due	27,000	-
Dominic Traynor– Director's remuneration due	17,644	-
Pieter Krügel – Director's remuneration due	49,844	-
Noel O'Keeffe –Professional services remuneration due	9,000	-
Druces LLP – Supplier balance for professional services	143,732	-

Transactions

Name	(£)
Kibo Mining (Cyprus) Limited – Loan repayment in shares	469,000
Kibo Mining (Cyprus) Limited - Loan advance	86,615
Paul Venter – Loan received from director	81,329
Kibo Mining (Cyprus) Limited – Management and admin services	30,892
Katoro Gold PLC – Management and admin services	21,140
Noel O'Keeffe – Professional services	36,000
Druces LLP – Professional services rendered	143,732

Kibo Mining (Cyprus) Limited was issued shares in exchange for partial settlement of £468,999 (2022: £1,000,000) of its loan with the MED Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The transactions during the period between the Company and its subsidiaries included the settlement of expenditure to/from subsidiaries, working capital funding, and settlement of the Company's liabilities through the issue of equity in subsidiaries. The loans from related parties do not have fixed repayment terms and are unsecured.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Financial Instruments and Financial Risk Management

The Group and Company's principal financial instruments comprise cash. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the 2023 and 2022 financial period, the Group and Company's policy not to undertake trading in derivatives. The Group and Company may however recognise derivative liabilities arising from convertible instruments.

The main risks arising from the Group and Company's financial instruments are credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

	2023 (£)		**2022 (£)**	
Financial instruments of the Group are:	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
Financial assets at amortised cost				
Trade and other receivables	122,649	-	136,801	-
Cash	252	-	132,184	-
Financial liabilities at amortised cost				
Loans from related parties	-	849,253	-	1,231,535
Trade payables	-	941,688	-	300,325
Lease liability	-	409,595	-	350,654
Financial liabilities at fair value through profit or loss				
Other financial liabilities	-	763,290	-	597,861
CLN Derivative liabilities	-	22,232	-	20,386
	122,901	**2,986,058**	**268,985**	**2,500,761**

	2023 (£)		**2022 (£)**	
Financial instruments of the Company are:	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
Financial assets at amortised cost				
Trade and other receivables – current	30,862	-	16,457	-
Cash	6	-	48,816	-
Financial liabilities at amortised cost				
Trade payables – current	-	521,546	-	99,199
Other financial liabilities	-	-	-	-
Financial liabilities at fair value				
Other financial liabilities	-	763,290	-	597,861
CLN Derivative liabilities	-	22,232	-	20,386
	30,868	**1,307,068**	**65,273**	**717,446**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. As the Group has minimal sales to third parties, this risk is limited.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arise from default of its counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated statement of financial position.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected or related entities.

The expected credit losses for the Group and Company are £Nil for the year ended 2023 (2022: £).

Financial assets exposed to credit risk at period end were as follows:

Financial instruments	**Group (£)**		**Company (£)**	
	2023	**2022**	**2023**	**2022**
Trade & other receivables	122,649	136,801	30,862	16,457
Cash	252	132,184	6	48,816
	122,901	**268,985**	**30,868**	**65,273**

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group.

The Group and Company's financial liabilities as at 31 December 2023 were all payable on demand, other than the trade payables to other Group undertakings and lease liabilities.

Group (£)	**Within 1 year**	**Later than 1 year but within 5 years**	**Later than 5 years**
At 31 December 2023			
Loans from related parties	-	-	-
Trade and other payables	941,688	-	-
Other financial liabilities	318,925	444,365	-
Lease Liabilities	39,826	159,304	851,812
	1,300,439	**603,669**	**851,812**
At 31 December 2022			
Loans from related parties	1,231,535	-	-
Trade and other payables	300,324	-	-
Other financial liabilities	354,805	243,056	-
Lease Liabilities	33,960	135,840	756,720
CLN Derivative liabilities	20,386	-	-
	1,941,010	**378,896**	**756,720**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Company (£)	Within 1 year	Later than 1 year but within 5 years
At 31 December 2023		
Trade and other payables	521,546	-
Other financial liabilities	318,925	444,365
	840,471	**444,365**
At 31 December 2022		
Trade and other payables	99,199	-
Other financial liabilities	354,805	243,056
CLN Derivative liabilities	20,386	-
	474,390	**243,056**

Interest rate risk
The Group and Company does not have significant exposure to the risk of changes in market interest rates relating to holdings of cash and short term deposits.

It is the Group and Company's policy as part of its management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

Group Sensitivity Analysis:
Currently no significant impact exists due to possible interest rate changes on the Company's interest bearing instruments.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the year ended 31 December 2023. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

Fair values
The carrying amount of the Group and Company's financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value. For those assets held at fair value (such as CLN derivative liabilities), they are remeasured at the reporting date.

Hedging
At 31 December 2023, the Group had no outstanding contracts designated as hedges.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Events after reporting period

New Strategic Funding Partner & Funding Agreement

The company has signed a funding agreement ("Funding Agreement") with an initial funding facility up to £4,000,000 with RiverFort Global Opportunities PCC Limited ('RiverFort"). The Funding Agreement was arranged by Fortified Securities and will see RiverFort joining MED as its strategic funding partner to provide and facilitate funding to develop and construct MED's existing c. 30 MW portfolio of assets and new acquisitions to achieve MED's strategic goal of building an enlarged 300 MW portfolio of flexible power assets.

New Capacity Market Contracts

MED applied for and was successful in pre-qualification to bid for new CM contracts for its Pyebridge Site, in addition to the Site's existing CM contracts (see RNS dated 27 February 2023), being a T-1 CM contract and a T-4 CM contract. Following the preparation of a robust CM 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 £35.79/kW/annum, which equates to an additional c. £183k of income to the Site, and its T-4 bid cleared at £65/kW/annum, which equates to an additional c. £322k of income to the Site. The Site's existing and new CM contracts are all fixed one-year contracts. The plan and intention is to apply for the maximum 15-year term and capacity T-4 CM contract in due course once the Site's planned overhaul work programme as referred to above has been completed, which is expected to provide further enhanced and longer term guaranteed income to the Site.

Termination of Proventure JVA

During the financial year the JVA with Proventure was terminated due to non-performance by the counterparty. MED retains its right to pursue legal action as a result thereof. The directors are currently considering its options in this regard.

Pyebridge and Hindlip Update

The group has successfully completed the initial work programme ahead of schedule at its Pyebridge 9 MW flexible power generation asset ("Pyebridge"), with the site now officially back into operation.

Resultingly, MED was able to schedule and perform the minimum 3x separate generation runs ahead of schedule to meet its Satisfactory Performance Days ("SPD") requirements that are due by the end of April 2024 under its existing T-1 Capacity Market contract (the "CM Contract"). It is expected that Pyebridge will pass its next SPD test, and retain the CM Contract's associated annual gross profit margin income of c. £308,000 which is paid and received monthly in arrears.

Furthermore, initial pre-construction work completed at MED's 7.5 MW Hindlip Lane flexible power generation project ("Hindlip"), and Certificate of Lawful Commencement granted.

24. Going concern

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

In performing the going concern assessment, the Board considered various factors, including the availability of cash and cash equivalents, data relating to working capital requirements for the foreseeable future, cashflows from operational activities, available information about the future, the possible outcomes of planned events, changes in future conditions, geopolitical events (e.g. escalation of the Ukraine conflict), and the responses to such events and conditions that would be available to the Board.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 year of £3,539,394 compared to £2,733,000 for the preceding 12 month-financial period;
- Cash and cash equivalents readily available to the Group in the amount of £252 in order to pay its creditors and maturing liabilities in the amount of £2,261,743 as and when they fall due and meet its operating costs for the ensuing twelve months from the date of signoff of the financial statements;
- 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
- Post reporting period end, on 28 February 2024, the Company announced a funding agreement with an initial funding facility up to £4,000,000 with RiverFort Global Opportunities PCC Limited ('RiverFort") and a first drawdown of £438,000 was advanced under the facility. Follow-on drawdowns are at RiverFort's discretion and conditional on an agreed budget and restructuring of the Company's liabilities.

The Directors have evaluated the Group's liquidity requirements to confirm the Group has adequate cash resources to continue as a going concern for the foreseeable future. Considering the net current liability position, the Directors have reviewed two financial projections to 30 August 2025: a base-case scenario based on the existing budget, and a severe but plausible scenario, all of which include estimates and assumptions regarding the future revenues and costs and timing of these. One base-case scenario includes financial projections to include non-committed expenditure such as engine overhauls or further development of the existing sites, the other scenario excludes non-committed expenditure.

The base case cash flow forecast is forecasting a positive cash balance for the full forecast period, based on the assumption that further drawdowns on the GBP4m facility with RiverFort as disclosed in the RNS dated 28 February 2024 are available to the Company for drawdown as and when required. The cashflow forecast is reliant on a successful drawdown on a current facility, as well as successful electricity generation by Pyebridge. Unforeseen challenges with either of the aforementioned cause a risk that the Company may not be able to meet its current liabilities without another cash injection. In the event that further funding cannot be secured, the Group may experience continuous cash shortfalls over the next 18 months.

Under the severe but plausible scenario, the group experiences cash shortfall throughout the forecast period starting in April 2024. The severe but plausible cashflow projection does not provide for capital expenditure required for significant improvements to the current sites and includes reduced revenues from Pyebridge based on non-overhauled engines and the guaranteed capacity market income. Thereby evaluating the impact if a further drawdown is not successful. The directors are in negotiations with funders and lenders to upgrade and/or develop the sites as per the business model of the Company.

In response to the net current liability position and to address future cashflow requirements, detailed liquidity improvement initiatives have been identified and are being pursued, with their implementation regularly monitored in order to ensure the Group is able to alleviate the liquidity constraints in the foreseeable future. Cost saving measures were identified and implemented on operational expenditure. Further, from April 2024 a reduction in Directors' remuneration has been implemented.

The Group has identified the below options in order to address the liquidity risk the Group faces on an ongoing basis. The ability of the Group to continue as a going concern is dependent on the successful implementation or conclusion of one or more of the below:

- The successful drawdown on the funding facility of £4,000,000 with RiverFort. There are terms and conditions limiting the drawdown which has to be adhered to.
- Raising of short- and medium term working capital and project capex funding, by way of capital placings.
- Successful conclusion of current funding opportunities of the Group with strategic funders regarding the funding of specific projects and/or the business.
- Obtaining debt funding or other funding instruments such as credit loan notes to fund MED projects.
- Successful cash generation from the Pyebridge power-generation facilities in order to achieve net-cash positive contributions toward the larger Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- Successful subordination of the Kibo Mining (Cyprus) Limited loan, resulting in the deferral of loans payable in the foreseeable future beyond a 12-month period after sign off of these financial statements.

Although there is no guarantee, the Directors have a reasonable expectation that the Group will be able to raise further financing to support its ongoing development and commercialisation activities and continue in operational existence for the next 12 months, from date of sign off of these financial statements. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Board is confident it would be able to successfully implement the above responses, it has adopted the going concern basis of accounting in preparing the consolidated financial statements.

25. Commitments and Contingencies

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