MAST ENERGY DEVELOPMENTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

INDEX

CORPORATE DIRECTORY

BOARD OF DIRECTORS:	Louis Lodewyk Coetzee (Non-Executive Chairman) Pieter-Schalk Krügel (Chief Executive Officer)(Appointed on 13 July 2022) Paulus Fillippus ('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 2022.

The last year has seen the aggressive pursuit of the Company's 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. I am pleased to report that we remain committed to this target, with the new Chief Executive of MED, Pieter Krügel, who was appointed to the Company's Board on 13 July 2022 (see RNS date 20 May 2022), leading the charge for MED to become a significant player in the sector. Already, Krügel has achieved significant success with the acquisition of two more sites, namely a 7.5 MW gas-powered standby generation facility located in Worcester ('Hindlip') and a 2.4 MW gas-powered flexible power plant located in Scunthorpe, Lincolnshire ('Stather'). The addition of Hindlip and Stather brings the current MED portfolio in production and development to five sites with a combined energy generation capacity of c. 30 MW.

The Company's core activities during the first half of 2022 predominantly focused on the operational and technical optimisation of the 9 MW Pyebridge project site ('Pyebridge'), located in Derbyshire as well as further construction and development of the 5 MW Bordersley site ('Bordersley'), in Central Birmingham. In March 2022, Pyebridge became a fully operational gas-powered flexible power plant that has delivered considerable returns, including outperforming the market sales price by 88% and validating the Company's strategy and ability to outperform the market (see RNSs dated 19 October 2022 and 27 February 2023). This was despite the fact that Great Britain experienced warmer than usual autumn months that resulted in an oversupply of gas and a drop in the price of gas. Additionally, renewable wind and solar energy generation peaked during the same period, further lowering MED's earning potential during October and November (a detailed overview of challenges and successes can be found in the Review of Operations section on page 11 of this report).

As I noted in the Company's last Annual Report and Financial Statements (see Audited Annual Report and Accounts for the year ended 31 December 2021), a key aspect in the development of MED's sites is the maximisation of revenues by participation in government-approved power-balancing and standby reserve capacity schemes, notably capacity market ('CM') contracts and route-to-market contracts that optimise revenues from energy generation. During the 2022/2023 CM bid window, MED applied for new replacement CM contracts for Pyebridge and successfully achieved pre-qualification and, pursuant to the recent Capacity Market Auctions and subsequent results, cleared a T-1 bid at £60/kW/pa and T-4 bid at an historic price of £63/kW/pa. Both CM contracts will significantly enhance Pyebridge's revenue profile and profitability.

Elsewhere, the Company continues construction and development of its Bordersley project while its 4.4 MW shovel-ready freehold site in the West Midland ('Rochdale') is at an advanced stage of planning and permitting. The conclusion of the Bordersley site's EPC contract optimisation with Clarke Energy resulted in an overall financial feasibility of Bordersley when it was discovered that replacing the currently planned 2 x 2.5 MW Jenbacher engines with 1 x 4.5 MW Jenbacher engine would improve engine-output efficiencies as well as provide savings in capital construction costs. The Company is now actively exploring Capex funding options to reach financial close and steady-state production for Bordersley by the end of Q4 2023.

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. The financial performance of Pyebridge in August 2022 has led the Company to believe that its strategy and objectives are poised for further success and, therefore, we continue to assess new funding opportunities to ensure we are able to support our aggressive acquisition strategy.

Furthermore, the effects of climate change as well as the ongoing conflict in Ukraine are current events that will impact energy prices, specifically gas prices, for the foreseeable future. While we remain confident that our strategy remains sturdy and our projects are financially robust for the 12 months following this report, we will remain vigilant of environmental and socio-economic changes as they occur and pivot our business approach accordingly.

To conclude, I would like to thank our new CEO and his management team for their ongoing commitment in support of the MED business strategy. Their vivacity and drive towards achieving the Company's strategic objectives has assisted the Company in reaching new heights and I look forward to continue working alongside them as we explore new opportunities and establish Mast Energy Developments PLC as a worthy contender in the UK's growing flexible power market.

CHAIRMAN'S REPORT

This report was approved on 27 April 2023 and signed by:

Louis Coetzee
Non-Executive Chairman

REVIEW OF OPERATIONS

Introduction

2022 saw a lot of activity with respect to the availability and price of gas in Great Britain. The Russian invasion of Ukraine led to gas prices spiking in Q1, whereafter another spike occurred in Q3 due to the fluctuations in gas supply via the Nord Stream 1 pipeline and the subsequent indefinite discontinuation of supply. Near the end of 2022, Great Britain experienced warm autumn months, resulting in an oversupply of gas, significantly dropping the price of gas. The arithmetic average (Nordpool and EPEX) Day-Ahead Price for 2022 was £204.03/MWh, which is 72% higher than last year and four times greater than levels seen in 2020.

Comparing this average wholesale price for 2022 to the average value of c. £385/MWh produced by our flagship fully-operational site, Pyebridge Power Ltd ('Pyebridge'), we see that our site outperformed the market average by 88%, proving MED's market-beating ability. This site, which started full production in March 2022 following a period post-acquisition of extensive optimisation (see RNS dated 5 July 2022), achieved c. 2,738 MWh of generation during 2022, equating to Total Electricity Generation Sales Revenue of c. £1.053m. In August 2022, it managed to achieve the highest power sales price of £618.87/MWh. Gas was in over-supply during October and early November due to the warm autumn, and wind and solar energy generation peaked during this period, which lowered MED's earning potential for those two months to £250.21/MWh and £183.55/MWh, respectively.

The financial performance in August 2022 led the Company to increase its expectations of Pyebridge (see RNS dated 19 October 2022). The Company confirms that due to various operational issues (refer to Pyebridge Project details on page 11 for issues that arose) and unexpected variables during the period, including the generation of unprecedented record levels of electricity from renewables from September 2022 to December 2022 in the UK, beyond those considered possible by the board when issuing its expectations. Such increases in electricity generation from renewables reduced the required reserve power across the UK during this period, impacting the electricity generation sales at Pyebridge.

The Company pre-qualified for two new Capacity Market contract auctions for Pyebridge and, consequently, attended both auctions for these in February 2023. The T-1 contract, which is scheduled to start on 01 October 2023, was secured at a clearing price of £60.00/kW/annum. The T-4 contract, which is scheduled to start on 01 October 2026, was secured at a clearing price of £63.00/kW/annum.

MED acquired two additional new sites this year, namely Hindlip Lane and Stather Road (see RNS dated 5 October 2022). The development of both projects has progressed well in terms of leases (lease agreement in place for Stather Road and lease option agreement in place for Hindlip Lane), grid and gas connections, and the Engineering, Procurement & Construction (EPC) and Operations & Maintenance (O&M) offers. We are currently revising the existing Planning Consent for both sites as we intend to utilise our existing EPC configuration as used on all our other new sites. Using the same EPC configuration significantly reduces the EPC design costs and enables us to keep with the same O&M provider, lowering the overall costs on offers received from them.

The Company has been granted a gas connection route for our Bordersley site, and has also received approval from network supplier, Cadent Gas, for the required pressure and volumes of gas to fuel the Project. The specialist energy connection company, Distributed Energy Connections Limited, has been contracted to provide an all-in gas connection design and construction solution. The revised EPC configuration most importantly, improves the overall financial feasibility of the Project and more than compensates for the small reduction in the output generating capacity from 5 MW to 4.5 MW

We are actively exploring all Capex funding options in order to reach Financial Close ('FC'), whereafter the Company will enter the construction phase of the Project. Subject to successful completion of the associated funding process outlined above, it is anticipated that Bordersley will be fully constructed, commissioned and in revenue generation by Q4 2023. Furthermore, the Project has already secured a 15-year T-4 Capacity Market contract in April 2022 at an unprecedented price of £30.59/kW/annum, which will contribute significantly to the revenue generation from the Project once in steady-state production.

REVIEW OF OPERATIONS

Rochdale, the 4.4 MW shovel-ready free-hold site in the West Midland and the Company's third project, is at an advanced stage of planning and permitting, with gas and grid connections already in place. Planning Consent is expected to be received in quarter 2 of 2023, whereafter this project will also await Financial Close as the next step in the process.

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 2023.

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

Project Details

Pyebridge

The Pyebridge Project ('Pyebridge') is a 9 MW operating synchronous gas-powered flexible-power generation facility constructed on a freehold site located in Derbyshire, which was acquired by the Group in August 2021 at a cost of £2.5 million.

While steady-state production was reached at Pyebridge in November 2021, it became apparent to the Company that there was an opportunity to further enhance the operational efficiency at the site and the Company enacted a comprehensive optimisation programme with its technical and financial advisors. This has resulted in a significant performance improvement at the site. The technical improvements implemented have fed into enhanced key metrics for Pyebridge's Power Purchase Agreement ('PPA') with Statkraft, resulting in a further enhancement of the Pyebridge economics and profitability.

This has yielded results as electricity generation sales revenue for the month of August 2022 alone were c. £314,000 at a gross profit margin of 32%, with a total electricity generation output for August of c. 486 MWh and an average electricity generation sales price per MW sold of £619. This is against figures of electricity Generation Sales Revenue for the whole six-month period March to August 2022 of c. £854,000 with total electricity generation output of c. 2,280 MWh. This means that August's generation sales revenue alone made up almost 40% of the entire generation sales revenues in the March 2022 to August 2022 (inclusive) period.

This financial performance led the Company to increase its expectations of Pyebridge (see RNS dated 19 October 2022). The Company confirms that due to various operational issues and unexpected variables during the period, including the generation of unprecedented record levels of electricity from renewables from September 2022 to December 2022 in the UK beyond those considered possible by the board when issuing its expectations. Such increases in electricity generation from renewables reduced the required reserve power across the UK during this period, impacting the electricity generation sales at Pyebridge and rendering the Company's previous expectations for the period invalid.

We are happy to report that a settlement was agreed with regards to the deferred consideration owing under the Sale and Purchase Agreement ('SPA') to the vendor, Apex Energy Ltd ('Apex'). An overview of the key highlights with regards to the agreement is provided below:

- Under the initial terms of the SPA, the Site's acquisition consideration was £2,500,000 – an initial £1,500,000 paid in cash at completion during August 2021 and a deferred consideration of £1,000,000 ('Deferred Consideration') to be paid in two equal tranches at 8 months and 12 months, respectively, from the date of completion.
- Since acquisition to date, MED has made payments totalling £600,234 toward the Deferred Consideration, consisting of a cash payment to Apex of £198,366 and qualifying costs totalling £401,868 under the SPA, with a balance of £399,766 remaining ('Remaining Deferred Consideration').
- Due to MED's own optimisation of the Site during the months following acquisition and in order to get the Site to perform in line with initial expectations (see RNS dated 5 July 2022), it has now negotiated and agreed a settlement with Apex with regards to the Remaining Deferred Consideration, whereby the Remaining Deferred Consideration is waived, with neither party having any further claims in this regard.

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- The foregoing settlement means that the total purchase consideration of Pyebridge will effectively be reduced to a total of c. £2.1m compared to the initial total purchase consideration of £2.5m under the SPA, resulting in a cash saving to MED of c. £400k.
- The new effective purchase consideration and associated saving will further enhance the Pyebridge site's economics, profitability and investment return, most notably:
  - Purchase consideration per installed MW at c. £233k compared to c. £278k at acquisition and compared to a typical new build site in the range of c. £600k to £700k, and
  - Capital investment payback period reduced to c. 4.2 years and unlevered internal rate of return ('IRR') increased to c. 24%, based on the Site's current independent base case financial modelling and expected performance.

The Company chose to forego the Capacity Market contract, which it previously had in place for Pyebridge, as it was valued at only £8/kW/annum and we believed that a new contract would yield a much higher clearing price. Our decision proved to be correct, as the T-1 contract, which is scheduled to start on 01 October 2023, was secured at a clearing price of £60.00/kW/annum, whilst the T-4 contract, which is scheduled to start on 01 October 2026, was secured at a clearing price of £63.00/kW/annum.

Bordersley

We reviewed our existing design to see how we could improve the overall financial feasibility of the Project, without significantly reducing the planned power generation nor sacrificing any engine efficiencies. We therefore concluded an EPC contract optimisation with Clarke Energy, during which it emerged that replacing the planned 2 x 2.5 MW Jenbacher engines with 1 x 4.5 MW Jenbacher engine will provide significant savings in capital construction costs and improve overall engine output efficiencies.

During the year, there were some issues with the planned gas route to the site, which were highlighted by the Canals and Rivers Trust. In the end, it meant the Company had to review and eventually change from the original design and reroute the entire gas line to comply with Birmingham Council regulations. This was done and we have now fully optimised and have been granted a gas connection route and received approval from network supplier, Cadent Gas, for the required pressure and volumes of gas to fuel the Bordersley project. The specialist energy connection company, Distributed Energy Connections Limited, has been contracted to provide an all-in gas connection design and construction solution.

With the developments and progress outlined above, we are now actively exploring all Capex funding options in order to reach Financial Close, whereafter the Company will expedite the Project's construction phase. Subject to successful completion of the associated funding process outlined above, it is anticipated that Bordersley will be fully constructed, commissioned and in revenue generation by Q4 2023.

The Project has already secured a 15-year T-4 Capacity Market contract in April 2022 at a record high price of £30.59/kW/annum, which will also contribute significantly to the revenue generation from the Project once in steady-state production. Further, based on the latest independent financial modelling performed by the Company's leading energy markets data consultant, EnAppSys, it is expected that Bordersley will generate an average total annual revenue of c. £1.5m.

Rochdale

As the third priority in the roll-out of our projects, the construction phase of Rochdale will follow shortly after Financial Close has been reached on the Bordersley project. Apart from some final amendments to the Planning Consent application (which is expected to be granted in quarter 2 of 2023), all the elements that are required to enter construction on this project have been finalised. The following points highlight the status of the project:

- Project is near pre-construction ready, with only the Planning Consent to be granted
- It is a freehold site owned by MED
- Grid connection offer in place and secured
- Gas connection offer in place and secured

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- Planning Consent is imminent (final approval which is expected in quarter 2 of 2023)
- Defined EPC Scope of Work has been completed
- Defined Balance of Plant Scope of Work has been completed
- Advanced Engineering, Procurement and Construction ('EPC') solution agreed and accepted, inclusive of a GAP analysis of works not covered in EPC and Balance of Plant
- The installation will comprise a 1 X 4.5 MW gas high-power density configuration
- It is a low emission, gas engine generator set, capable of an electrical output of 4,507kWe with an electrical efficiency of 45.4%
- To reduce the noise from the gas engine, the generator set will be installed inside a precast concrete enclosure complete with a forced draught ventilation system to provide the required cooling air and combustion air for the generation set
- Power output from the generators will be generated at 11kV, 3phase 50Hz. The generated power will be exported to the 11kV grid network via an 11kV switchboard
- Natural gas will be delivered to the generators onsite via a connection to the local gas distribution network
- The primary function of the proposed development is to provide electrical generation into the local distributive network when called upon by the National Grid. Times of generation will match times of peak demand within the local network and generation can be controlled remotely
- A Capacity Market ('CM') contract is available and a bid will be placed at auction when project nears Financial Close in 2023.

Hindlip Lane & Stather Road

Considering that these are our most recently acquired sites, Hindlip Lane and Stather Road are progressing well. The following points highlight the status of both projects:

- Long-term leasehold agreement in place for Stather Road and lease option agreement in place for Hindlip Lane
- Formal grid connection offers have been secured
- Formal gas connection offers have been secured
- Planning Consent has been granted, with some amendments to follow to incorporate the use of Jenbacher Engines
- EPC and O&M quotes have been received and are currently being reviewed.

Other Projects

We also focussed on a rigorous review and evaluation of our available pipeline of sites to ensure successful and timely delivery of the business strategy. Currently, the Company has various sites at an advanced stage of acquisition and we hope to be able to make announcements on these shortly.

This report was approved by the Board on 27 April 2023 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 2022 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 04425405 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 on 18 November 2020.

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 of two types: peaker power plants fuelled by gas-fuelled reciprocating engines with typical outputs of 5 to 20 MW and battery-storage sites where grid power is stored in periods of low demand to be fed back into the Grid at periods of peak demand. The Group's Bordersley project, (under construction) and its operating Pyebridge project are examples of the former.

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 – development 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, multiple flexible power generation plants throughout the UK totalling c. 30 – 40 MW in the short term and expanding to 300 MW over three to five years.

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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 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, 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 2022, the Group achieved the following key milestones:
- Pyebridge:
  - The site's gas connection license class was upgraded from a Class 1 AQ to a Class 2 AQ (the best and most cost effective available).
  - Each of the Site's three engines' bursting discs were replaced with re-settable bursting discs, which results in a significant decrease in engine availability downtime and increase in revenue generation potential.
  - Optimisation of the Operations & Maintenance ("O&M") contract terms with a focus on performance and reducing the variable O&M cost per MW
  - Commissioning of the site was completed during March 2022, resulting in the site starting to export energy in the same month and generating a small profit.
  - Generation continued throughout the year, with a record power sales price of £618.87/MWh being achieved during August 2022.
  - The average power sales price per MWh achieved during the 6-month period June to November 2022 of c. £361/MWh is 5 times higher than the average power sales price at the time of MED's IPO in April 2021.
  - With the assistance of the site's technical and financial advisors, a comprehensive optimisation programme was executed, which resulted in significant performance improvement at the site.
  - A generation license has been granted to the Pyebridge site, which reduces the electricity import tariff.
  - A T-1 Capacity Market bid has been awarded, valued at £60.00/kW/year, for a total capacity obligation of 5140kW, to be started on 01/10/2023.

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  - A T-4 Capacity Market bid has been awarded, valued at £63.00/kW/year, for a total capacity obligation of 5140kW, to be started on 01/10/2026.

- Bordersley:

  - The gas connection route has been granted and approval has been received from network supplier, Cadent Gas, for the required pressure and volumes of gas to fuel the Project.
  - The grid- and gas connection offers are therefore in place and secured.
  - Engineering, Procurement, and Construction ('EPC') solution with Clarke Energy has been defined, agreed and accepted.
  - The Balance of Plant Scope of Works ('SoW') has been defined and completed.
  - Due diligence is well advanced and financial close is expected in the first half of 2023.
  - A T-4 Capacity Market contract was secured in April 2022 at a price of £30.59/kW/year, which will also contribute significantly to the revenue generation from the Project once in steady-state production.

- Rochdale:

  - Planning consent is expected to be granted in quarter 2, 2023, which means that the Project will then be pre-construction ready.
  - The grid- and gas connection offers are in place and secured.
  - Engineering, Procurement, and Construction ('EPC') solution with Clarke Energy has been defined, agreed and accepted.
  - The Balance of Plant Scope of Works ('SoW') has been defined and completed.

- Hindlip Lane & Stather Road

  - Completion of the Sale and Purchase Agreement to acquire ADV 001 Limited and ARL 018 Limited, two Special Purpose Vehicles comprising the Hindlip Lane and Stather Road peaking power projects, respectively.
  - Long-term leasehold agreements for both sites are in place
  - Planning consent for both sites has been granted, with some amendments to follow to incorporate the use of Jenbacher gensets at these facilities
  - Formal grid- and gas connection offers have been received.
  - Quotations for the Engineering, Procurement, and Construction ('EPC') solutions for both sites have been received and are being reviewed

Pyebridge Update

MED's current flagship producing asset, the 9 MW Pyebridge Synchronous Gas-powered Flexible Generation Facility (the 'Site' or 'Pyebridge'), experienced a backfire on one of its generating units in mid-November 2022 (the "Incident"). A backfire on a high-pressure reciprocal gas-fired engine is a common occurrence and a normal expected operational risk, which is most often due to a lean mixture of air and fuel in the combustion chamber, and as a result combustion of the mixture takes place outside of the engine's combustion cylinders (usually in the exhaust system). The engines and Site are designed to deal with such an occurrence. In this instance, the engine's air intake filter ignited and resulted in a small fire within the sealed-off and segregated engine cell. The fire alarm operated and automatically shut down the engine and all other equipment on site and automatically isolated the incoming gas supply. The small fire was contained within the immediate vicinity of the affected engine and burned itself out without any external intervention. The resulting damage to the engine and engine cell were very minor.

- Further to the Company's most recent update with regards to its Pyebridge site (see RNS dated 27 February 2023), it was noted that the Site experienced lower than expected generation demand toward the end of 2022 (the Period"), due to unexpected variables during the Period, including the generation of unprecedented record levels of electricity generation from renewables, most notably wind (which is a hedge to reserve power). This, in addition to the Incident, enabled management to take a decision to utilise the resulting low generation activity of the Site and perform certain further maintenance and improvements to the Site. Consequently, a scope of works commenced to perform the following key enhancing maintenance and improvements to the Site:

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- Upgrade of certain Health and Safety aspects, such as the fire alarm and fire doors;
- Upgrade of certain key minor components to the engines, most notably the pre-combustion chambers and spark plugs to accommodate a higher voltage and improved engine output and efficiency;
- Upgrade of the Site's High Voltage ("HV") Grading and Earthing systems; and
- Upgrade of the Site's high-pressure gas system.

All of the planned Site works were successfully completed at the end of January 2023, and the Site operations and expected revenue generation will benefit greatly from the improvements. As a result of the above referred Site improvements and maintenance, the Site was un-operational from mid-November 2022 to end January 2023. Notwithstanding the downtime associated to the Site works, the financial impact is estimated to be minimal, due to the low generation demand during that time, which was the premise of the Site works to be performed.

The Company submitted an insurance claim in terms of its comprehensive insurance cover policy on the Site, and consequently successfully concluded and received an insurance pay-out amounting to £22,828 with regards to the Incident, and separately a further £114,105 with regards to the business interruption associated to the maintenance and improvements to the Site.

The Site is fully operational from February 2023 to date, and we are not expecting any further problems or downtime going forward. We have also seen a significant increase in the demand for flexible generation from February 2023, due to among other variables lower generation from renewables, and we are looking forward to updating the market with regards to Pyebridge's performance in due course.

Review of financial performance during the period
The following information is included to highlight the financial performance of the Group in its inaugural period of operations.

Description	**Year ended 31 December 2022**	**Fifteen (15) months ended 31 December 2021**
Revenue	1,036,743	3,245
Cost of sales	(778,802)	(34,321)
Administrative expenses	(921,769)	(767,151)
Listing and capital raising fees	(107,676)	(352,061)
Project expenditure	(661,079)	(267,981)
Impairment	(1,288,578)	(300,000)
Other income	86,558	355,659
Finance costs	(98,397)	(46,348)
Loss for the period	**(2,733,000)**	**(1,408,958)**

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

- Revenue increased due to the electricity generated at the Pyebridge site. This also directly resulted in the increase in cost of sales.
- Increase in administrative expenses due mainly to increased professional, legal, audit, management and consulting services rendered during the current period;
- The decrease in listing costs due to the formal listing being completed on 14 April 2021; current year costs relates to broker, listing and registrar fees.
- Increase in impairment of the property, plant and equipment of Bordersley Power as a result of lower value in use.
- Impairment of the Mast Energy Projects Limited's goodwill in the prior financial period, following on from the acquisition of the non-controlling interest on 14 April 2021. As the underlying projects previously held by Mast Energy Projects Limited have been restructured into separate SPVs,

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controlled directly by the intermediary holding company Sloane Developments Limited, there was no prospective benefit from continued operations of Mast Energy Projects Limited and therefore the goodwill was impaired.

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 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 due to delays caused by the impacts of COVID-19 on the Bordersley project and knock-on operational issues as more fully explained in the Review of Operations on pages 5 to 8. The Group currently has 9 MW in production, 19 MW acquired and in development. During 2023, the Group expects to have an additional 12 MW in production as well as intend on acquiring and commencing development of the remaining 20 MW in its pipeline.

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.

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 the year under review, the Group raised a further £650 000 for acquisitions and general working capital purposes (refer Note 11).

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.

The Group generated revenue of £1,036,743 for the period ended 31 December 2022 and had net assets of £2,116,744 as at 31 December 2022 (fifteen-month period to 31 December 2021: £3,849,744)). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other receivables of £268,985 (fifteen month period to 31 December 2021: £1,987,306), 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.

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The budgets and projected cash flows 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. 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 revenue generation from existing operations, 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.

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. The Group will also use its skills, capabilities and knowledge of the UK power market in order to optimise these wholesale revenues. The Group's ability to effectively manage price risk and maximise profitability through trading and risk management techniques will have a considerable impact on 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.

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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, 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.

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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 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, continues to abide with all regulations required for its ongoing 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 22.

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.

TCFD Disclosures

The Company reports its Task Force on Climate-Related Financial Disclosures ('TCFD') under the recommended headings of Governance, Strategy, Risk Management and Metrics & Targets.

Governance
As a business operating in the UK energy market and providing solutions to help manage the transition from fossil fuels to renewables as a primary source of energy generation, oversight of climate related risks and opportunities is integral to governance and strategy of the Company. 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

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interruptions as a result of the UK's increasing reliance on renewable sources (primarily wind and solar). The Company recognises that while gas is the least carbon emitting of the fossil fuels, its ultimate phase-out is inevitable and the development of its gas peaker plants to use green hydrogen or biofuel as the primary fuel is a key part of its strategy.

Working together, the Board and Executive Management are primarily responsible for assessing and managing climate-related risks and opportunities. The risks can be identified as both direct risks to the Company's plant and equipment as a result of fire, flooding, wind damage or extreme heat that may increase as a result of climate change and indirect risks to the ongoing commercial viability of its projects due to changes to UK Government regulations to support its commitment to net-zero carbon emissions by 2050. The opportunities presented by climate change are the basis of the Company's business as it partakes in that part of the energy generation sector, which offers key solutions to balance the UK National Grid as a result of its increasing reliance on renewable generation sources.

Strategy
The Company recognises the following opportunities as a result of the UK Government's dynamic and evolving policies to combat climate change by "greening" of the UK energy grid and the business opportunities it presents:

- To acquire and develop gas-power peaking power and battery storage sites across the UK in order to balance the grid base-load power output when wind and solar energy is not available (short to medium term)
- To participate in electricity trading markets and government support schemes such as Capacity Market, STOR, Balancing Mechanism, etc. (short to long term)

To proactively prepare for gradual phasing out of fossil fuel-derived gas in the UK over the next 10 years by constructing small flexible-power plants that can be easily converted to run on green hydrogen, biogas or other forms of sustainable fuel.
In such a dynamic and evolving UK energy market, the Company also recognises several risks that are primarily related to uncertainty in how the UK government policy may change in the future and/or modifications to existing policies that may have a detrimental impact on the business of the Company. Among these, the principal risks recognised are as follows:

- Phasing out of fossil fuel-derived gas as an electricity generating fuel in a faster timeframe than currently expected, resulting in the Company being unable to source new fuel sources quickly enough for its peaker plants to maintain uninterrupted generating capacity
- Changes in the UK government regulation of electricity trading markets, e.g., carbon levies or reduced emission levels that may negatively impact anticipated revenue streams from the Company's existing and planned projects
- Technology advances in electricity generation, storage and distribution that may reduce reliance on flexible gas peaker plants and current battery storage solutions that could adversely affect the Company's anticipated revenue streams.

Risk Management
The Company mitigates the risks identified above, principally relating to the indirect impact of climate change, i.e., energy-transition measures, by implementing the following measures:

- Ensuring engine selection and site plan layouts are optimised for transition to non-fossil fuel-derived gas
- Closely monitoring policy change proposals, trends and regulations within the UK electricity market that may constitute both threats and opportunities to business continuity and future prospects
- Ensuring that the Company uses the latest technology on its projects across equipment, IT systems and trading platforms to enable it to continually adapt to keep up with latest innovation in electricity generation, storage and trading.

As regards a potential increase in direct risks from climate change (fire, flooding, etc.), the Company carefully considers project acquisition and development site locations to ensure that risks from anomalous weather events are well mitigated. In the case of development projects, the Company works closely with its consultants and the planning authorities to ensure these matters are comprehensively addressed during the planning consent application process.

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Metrics and Targets

As the Company is in the very early stage of its development with just one small operating generating plant in production, it has not yet developed a standalone metric and target framework to quantitatively assess climate-related risks and opportunities other than considering them as an important component of its overall corporate strategy. As the Company matures and brings more projects in to production over the next few years, it will develop such a framework to enable it to accurately measure and report progress against set targets.

Streamlined Energy & Carbon Reporting (SECR)

Table 1 below shows 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. The Company commenced commercial operations during the current reporting period (March 2022) so there is no comparable data for the previous reporting period . The data in Table 1 covers the same period to which this Directors' Report applies.

Table 1- 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	7,972,380	KWh	0.18397	1,466,678.75	1,446.68
Business Travel (Car)	335	miles	0.28306	94.83	0.09483
				Sub-total 1	**1,466.77**
Scope 2 -GHG emissions resulting from purchase of electricity for its own use					
Electrical Consumption	170,438	KWh	0.19338	32,959.30	32.96
				Sub-total 2	**32.96**
Scope 3- GHG emissions resulting from Company actions not owned or controlled					
Business Travel (Rail)	320	miles	0.03549	11.36	0.01
				Sub-total 3	**0.01**
Out of Scope					
Electricity Generated	2,738,406	KWh	0.11507	315,108.378	315.11
				Sun-total 4	**315.11**
			TOTAL	**TOTAL**	**1,814.85**
			Intensity Metric	1750.53 tCO2e per million £ of revenue	
			Total Energy Usage across all energy types	10,881,224 kWH	

The Activity Data in Table 1 was 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-2022.

The following energy efficiency measures were taken during the reporting period to reduce GHG emissions.

- All employees to work from home for at least 4 days per week, rather than travelling to the office, thereby reducing carbon footprint.
- Natural gas usage for energy generation limited to periods of engine commissioning and peak-periods where demand is high.

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- Unmanned (remotely operated) production facility reduces requirement for staff to travel to site, thereby reducing carbon footprint.

This report was approved by the Board on 27 April 2023 and signed on its behalf by:

Louis Coetzee
Non-Executive Chairman

REMUNERATION REPORT

The following Directors remuneration was paid during the period.

Directors	31 December 2022	31 December 2021
Louis Coetzee	36,000	27,000
Pieter Krügel- Appointed on 13 July 2022	83,075	-
Paul Venter	78,000	115,262
Dominic Traynor	36,000	9,937
Candice Theron – Resigned 30 September 2021	-	19,264

The remuneration shown in the table above comprises salary payments and Directors' fees in accordance with Director contracts approved by the Board prior to appointment. The payments represent the totality of gross remuneration received by each Director. 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 18,458,538 MED shares through PSCD Power 1 Ltd, which is shown as a Significant Shareholder in the Directors' Report.

As the Company has been in operation for just over two years, there are no comparable figures available to conduct a detailed analyses of historical and current remuneration and changes therein, save for those shown in the table above. 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 believes that a significant portion of the remuneration package of senior executives should 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. 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

REMUNERATION REPORT

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 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 9 to 19.

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.

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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 14 to 15 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 27 to 32. 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 2022 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 27 to 32.

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 on page 31 of the Directors' Report.

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 the Corporate Governance Report on pages 22 to 26. 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 10 (ten) 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.

CORPORATE GOVERNANCE REPORT

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.

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 2022 were:

Name	**PLC Board**	**Risk Audit & FPPP Committee**	**Remuneration, Nominations & Governance Committee**
Louis Coetzee	10	1	1
Pieter Krügel	5	n/a	n/a
Paul Venter	10	n/a	n/a
Dominic Traynor	10	1	1

This report was approved by the Board on 27 April 2023 and signed on its behalf by:

Louis Coetzee
Non-Executive Chairman

DIRECTORS' REPORT

The Board of Directors present their Annual Report together with the Audited Financial Statements ('AFS') for the year ended 31 December 2022 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 other 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 all 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, appointed as CEO on 1 June 2022 and as a director on 13 July 2022
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. Coetzee 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. Coetzee is currently the CEO of AIM- and JSE-listed Kibo Energy PLC (AIM: KIBO; AltX: KBO), Executive Chairman of AIM-listed Katoro Gold PLC (AIM: KAT), and Non-Executive Chairman of LSE-listed (Standard List) Mast Energy Developments PLC (MED) (LSE: MAST).

Pieter Krügel, ACA, BFP, CA (SA), Age 36 – 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). Krügel 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 MED in 2021.

Paul Venter, B.Comm, HBA, MDP, Age 70 – 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, Venter 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, Venter 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). Venter is the former CEO of Mast Energy Developments.

DIRECTORS' REPORT

Dominic Traynor, LLB, Age 46 – 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 battery metals company, Caerus 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. Traynor 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 2022 resulted in a loss of £2,733,000 (15 month period ending 31 December 2021: loss of £1,408,958).

Post Statement of Financial Position Events

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

Directors' Interests

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 as shown in the table of Significant Shareholding below.

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	**27 April 2023**	**31 December 2022**	**31 December 2021**
Kibo Mining (Cyprus) Limited	57.86%	57.86%	55%
Care 1 Guernsey Limited	8.49%	8.49%	9.78%
PSCD Power 1 Limited	8.49%	8.49%	9.78%

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 (2021: £ nil).

DIRECTORS' REPORT

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 commencement, available information about the future, the possible outcomes of planned events, changes in future conditions, 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 £2,733,000 compared to £1,408,958 for the preceding 15 month-financial period;
- Cash and cash equivalents readily available to the Group in the amount of £132,184 in order to pay its creditors and maturing liabilities in the amount of £1,911,030 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.

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

The Directors have evaluated the Group's liquidity requirements to confirm whether 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 September 2024: 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. These financial projections do not include any non-committed expenditure such as engine overhauls or further development of the existing sites.

The base case cash flow forecast indicates a cash shortfall from April to beginning of November 2023, whereafter the cashflow returns to positive. Under the severe but plausible scenario, the group experiences cash shortfall throughout the forecast period.

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. As noted above, the cashflow projection does not provide for capital expenditure required for significant improvements to the current sites, as the directors are in negotiations with funders 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.

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

- Successful conclusion of funding requirements of the Group in order to complete construction of the Group's remaining sites;
- Successful cash generation from the Pyebridge power-generation facilities in order to achieve net-cash positive contributions toward the larger Group;

DIRECTORS' REPORT

- 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.

Environmental responsibility

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.

Dividends

There have been no dividends declared or paid during the current financial period (2021: £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 22 to 24.

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

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.

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.

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

DIRECTORS' REPORT

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 10 (ten) occasions during the period ended 31 December 2022. 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 27 April 2023 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
Standard listed UK company (single entity) preparing financial statements under IFRS

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 2022 which comprise the 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 2022 and of its 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 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 46 of the financial statements. As detailed in the relevant note on page 75, the cash shortfalls forecast in the near future without an immediate cash injection, the uncertainty surrounding the availability of funds to finance ongoing working capital requirements as well as the commercial development of the group and company's projects through to cash generation, indicate the existence of a material uncertainty that may cast significant doubt on the group's 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 evaluation and working capital management process and evaluating the design and implementation of these controls.
- reviews of directors' cash flow projections for the period to 30 September 2024.
- challenge to assumptions made by the directors, having assessed the historical accuracy of assumptions made in forecasts prepared by management as compared to actuals (retrospective review).
- obtaining supporting evidence for the options available to directors for further fundraising, or additional sources of finance, such as the additional drawdown on the existing convertible loan facility and long term equity finance at project level.
- assessment of the post-year end performance including revenues recognised 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.

INDEPENDENT AUDITOR'S REPORT

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 £50,000 (2021: £70,000), based on approximately 5% of the adjusted group loss. Materiality for the parent company financial statements was set at £42,500 (2021: £35,000), based on 5% of normalised result for the period and capped at 85% of group materiality.

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 £35,000 (2021: £42,000). Performance materiality for the parent company was set at 70% of the parent company materiality, which equates to £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 FPPP Committee and the Board to report to it all identified errors in excess of £2,500 (2021: £3,500). 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, revenue recognition and subsidiary acquisitions. The audit approach and key audit matters identified in the current year have remained largely consistent with the prior year, due to the business operations and group structure remaining consistent.

We have however identified revenue existence and cut-off as an additional key audit matter in the current year as this is the first year in which Pyebridge site commenced activity and therefore cash generation.

Key Audit Matters

The key audit matters identified in the current year are:

- Going concern (see material uncertainty related to going concern section)
- Impairment assessment of the investment in subsidiary and intangible assets
- Accuracy of revenue

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 matter

INDEPENDENT AUDITOR'S REPORT

Key audit matter	*How our scope addressed the key audit matter*
Impairment assessment of the investment in subsidiary and intangible assets	
The parent company holds a significant investment in subsidiary balance that is supported by the value in use assessment as opposed to the net asset position of the subsidiary. The value in use 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 present value. These are subject to judgement and estimation uncertainty. The risk is that potential impairment is not identified on a timely basis, or is not appropriately measured. The group's accounting policy for impairment and intangible assets is set out on pages 50-51 of the financial statements. The key assumptions involved in estimating the Value in Use of the underlying projects which support the valuation of intangible assets and investment in subsidiary, are presented in Note 11.	We reviewed the accounting policies adopted by management in relation to valuation and impairment of investments in subsidiaries and intangible assets, and whether they are consistent with IFRS. We obtained an understanding of the design and implementation of systems and controls relevant to the impairment assessment. We assessed the carrying value of the investment against the subsidiary net financial position, and compared the parent company net assets to the group net assets and market cap. We observed existence of impairment indicators as at the year end, and requested that management prepare a value in use model and impairment assessment for the intangible assets and investment in subsidiary at each individual project level. We challenged the key estimates and assumptions made in the value in use calculation prepared by management, such as the appropriateness of the cash generating unit classification, amounts and timing of the forecast cash flows, length of the model, the discount factor, and the sensitivities applied. We ensured that the financial statements disclosures are fairly presented, complete and accurate. Based on the work performed, we identified a control deficiency with respect to internal control surrounding the impairment assessment process. No up to date impairment assessment cash flow models were prepared to support the valuation of the investment in subsidiaries and intangible assets. Following audit challenge, a material impairment charge was recognised. We consider the carrying value of the investment in subsidiary and intangible assets including provision for impairment, reasonable. However, the value in use model in relation to Bordersley project is highly sensitive to movements in the underlying assumptions, whereby not achieving budgeted revenue could lead to an impairment against the full carrying value as disclosed in note 11. Further, a material impairment provision would be required if the discount rate were to change by 16 bps.
Accuracy of revenue	
During 2022 the Pyebridge site began generating electricity and thus revenue. This is the first point at which revenue has been generated by the group. Under the ISA's there is an assumption that revenue recognition is a significant risk due to fraud. We did not rebut this presumption.	We obtained an understanding of the internal control environment in the entity, including design and implementation of systems and controls relevant to the revenue process. We reviewed the accounting policy adopted by management in relation to the revenue recognition, and whether it is consistent with IFRS. We obtained and inspected the Power Purchase Agreement and self-billing invoices provided by the vendor, confirming the terms of engagement had been followed appropriately.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	*How our scope addressed the key audit matter*
Accuracy of revenue is a key audit matter due to it being the first year of generation, and significant risks surrounding establishing a robust control environment surrounding the process of revenue recognition. The revenue recognition accounting policy is disclosed on page 53 of the financial statements. Revenue disclosure is included in Note 2 to the financial statements.	We reviewed meter readings at the year end to ensure both the revenue (electricity generation) and cost of sales (gas supply) had the appropriate cut-off applied. We reviewed the nominal ledger for revenue transactions, traced these back to invoices and vouched to cash receipts. As a result of the above, we identified two control deficiencies with respect to revenue process. No formal meter readings were completed and compared to invoiced readings on a monthly basis during the year under audit. In addition, no verification of electricity prices to third party data was done, although a high level margin check was carried out as a mitigating factor. No material misstatements were identified in the current year and we are satisfied that the revenue recognised is complete and accurate.

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.

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 strategic report and the directors' 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 group and the Company and their 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

INDEPENDENT AUDITOR'S REPORT

- 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 page 31, 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 the 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 the 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 and misappropriate 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 about their own identification and assessment of the risks of irregularities;
- review of the system for the generation, authorisation and posting of journal entries;
- 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 where applicable;
- 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.

INDEPENDENT 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 2 years, covering the period ended 31 December 2021 and year ended 31 December 2022.

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
27 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group	
		Year ended 31 December 2022	Fifteen months ended 31 December 2021
		Audited	Audited
		£	£
Revenue	2	1,036,743	3,245
Cost of sales		(778,802)	(34,321)
Gross profit/(loss)		**257,941**	**(31,076)**
Administrative expenses		(921,769)	(767,151)
Listing and other corporate fees		(107,676)	(352,061)
Project expenditure		(661,079)	(267,981)
Impairment		(1,288,578)	(300,000)
Operating loss		**(2,721,161)**	**(1,718,269)**
Other income	3	86,558	355,659
Finance costs		(98,397)	(46,348)
Loss before tax	4	**(2,733,000)**	**(1,408,958)**
Taxation	7	-	-
Loss for the period		**(2,733,000)**	**(1,408,958)**
Total comprehensive loss for the period		**(2,733,000)**	**(1,408,958)**
Loss for the period		**(2,733,000)**	**(1,408,958)**
Attributable to the owners of the parent		(2,733,000)	(1,312,243)
Attributable to the non-controlling interest		-	(96,715)
Total comprehensive loss for the period		**(2,733,000)**	**(1,408,958)**
Attributable to the owners of the parent		(2,733,000)	(1,312,243)
Attributable to the non-controlling interest		-	(96,715)
Loss Per Share			
Basic loss per share(pence)	9	(1.36)	(0.80)
Diluted loss per share(pence)	9	(1.36)	(0.80)

All activities derive from continuing operations.

The accompanying notes on pages 55-75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group	
		31 December 2022	31 December 2021
		Audited	Audited
	Note	£	£
Assets			
Non-Current Assets			
Property, plant and equipment	10	2,552,837	2,897,909
Intangible assets	11	1,795,683	2,745,273
Total non-current assets		**4,348,520**	**5,643,182**
Current Assets			
Other receivables	13	136,801	181,845
Cash and cash equivalents	14	132,184	1,805,461
Total current assets		**268,985**	**1,987,306**
Total Assets		**4,617,505**	**7,630,488**
Equity and Liabilities			
Equity			
Called up share capital	15	217,453	188,717
Share premium account	15	12,653,607	11,682,343
Common control reserve	16	383,048	383,048
Non-controlling interest acquired	16	(4,065,586)	(4,065,586)
Retained deficit		(7,071,778)	(4,338,778)
Attributable to equity holders of the parent		**2,116,744**	**3,849,744**
Non-controlling interest	17	-	-
Total Equity		**2,116,744**	**3,849,744**
Liabilities			
Non-current Liabilities			
Lease liability	10	346,674	289,045
Other financial liabilities	20	243,056	-
Total non-current liabilities		**589,730**	**289,045**
Current Liabilities			
Loans from related parties	18	1,231,535	2,269,035
Trade and other payables	19	300,325	259,505
Other financial liabilities	20	354,805	960,686
Lease liability	10	3,980	2,473
Derivative liability	20	20,386	-
Total current liabilities		**1,911,031**	**3,491,699**
Total Liabilities		**2,500,761**	**3,780,744**
Total Equity and Liabilities		**4,617,505**	**7,630,488**

The accompanying notes on pages 55-75 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 April 2023 and signed on its behalf by:
On behalf of the Board:

Pieter Krügel **Louis Coetzee**

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2021
		Audited	**Audited**
		£	**£**
Non-Current Assets			
Property, plant and equipment		4,016	-
Investments in group undertakings	21	8,620,224	8,558,182
Total Non- current assets		**8,624,240**	**8,558,182**
Current Assets			
Other receivables	13	16,457	4,545
Cash and cash equivalents	14	48,816	1,787,335
Total Current assets		**65,273**	**1,791,880**
Total Assets		**8,689,513**	**10,350,062**
Equity and Liabilities			
Equity			
Called up share capital	15	217,453	188,717
Share premium	15	12,653,607	11,682,343
Retained deficit		(4,898,993)	(1,557,026)
Total Equity		**7,972,067**	**10,314,034**
Liabilities			
Non-current Liabilities			
Other financial liabilities	20	243,056	-
Total non-current liabilities		**243,056**	**-**
Current Liabilities			
Other financial liabilities	20	354,805	-
Derivative liability	20	20,386	
Trade and other payables	19	99,199	36,028
Total current liabilities		**474,390**	**36,028**
Total liabilities		**717,446**	**36,028**
Total Equity and Liabilities		**8,689,513**	**10,350,062**

Equity includes a loss for the period of the parent Company of £3,341,967.

The accompanying notes on pages 55-75 form integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023 and signed on its behalf by:

On behalf of the Board:

Pieter Krügel | **Louis Coetzee**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Common Control Reserve	Capital Contribution Reserve	Non-controlling interest acquired	Retained deficit	Non-controlling interest	Total
	£	£	£	£	£	£	£	£
Balance at 31 December 2020	**104,497**	**2,511,432**	**383,048**	**-**	**-**	**(2,999,449)**	**(273,560)**	**(274,032)**
Total comprehensive loss for the period	-	-	-	-	-	(1,031,299)	(34,470)	(1,065,769)
Shares issued on listing	44,320	4,972,515	-	-	-	-	-	5,016,835
Expenditure settled in shares	2,983	169,727	-	-	-	-	-	172,710
Acquisition of non-controlling interest	36,917	4,028,669	-	-	(4,065,586)	(308,030)	308,030	-
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**

The notes on pages 55-75 form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained deficit	Total
	£	£	£	£
Balance at 14 September 2020	**-**	**-**	**-**	**-**
Issue of share capital on incorporation	104,497	2,511,432	-	2,615,929
Total comprehensive loss for the period	-	-	(1,557,026)	(1,557,026)
Shares issued on listing	44,320	4,972,515	-	5,016,835
Expenditure settled in shares	2,983	169,727	-	172,710
Acquisition of non-controlling interest	36,917	4,028,669	-	4,065,586
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**

The accompanying notes on pages 55-75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group	
		Year ended 31 December 2022	**Fifteen months ended 31 December 2021**
		Audited	**Audited**
		£	**£**
Cash flows from operating activities			
Loss for the period before taxation		**(2,733,000)**	**(1,408,958)**
Loss for the period from incorporation to 31 December 2020		-	343,189
Loss for the period before taxation		**(2,733,000)**	**(1,065,769)**
Adjustments for non-cash items:			
Non-cash interest accrued		96,828	21,623
Depreciation		65,948	9,793
Impairment of intangible assets		1,288,578	300,000
Loan waiver – other income		-	(355,397)
Cost settled through the issue of shares		-	172,710
Gain on revaluation of derivatives		(86,558)	-
Other non-cash items		(2,085)	94,192
		(1,370,289)	**(822,848)**
Movement in working capital			
Decrease/(increase) in debtors	13	45,043	(181,845)
Increase in creditors	19	40,819	244,999
		85,862	**63,154**
Net cash outflows from operating activities		**(1,284,427)**	**(759,694)**
Cash flows from investing activities			
Property, plant and equipment acquired		(79,827)	(1,654,239)
Intangible assets acquired	11	(338,988)	(150,271)
Deferred payment on Pyebridge paid	20	(555,535)	-
Net cash outflows from investing activities		**(974,350)**	**(1,804,510)**
Cash flows from financing activities			
Proceeds of issue of share capital		-	5,016,835
Lease liability repaid		(27,000)	(2,275)
Other financial liabilities repaid	20	-	(121,210)
Proceeds from convertible loan notes	20	650,000	-
Loans from related parties repaid		(37,500)	(523,889)
Net cash flows financing activities		**585,500**	**4,369,461**
Net (decrease) / increase in cash and cash equivalents		**(1,673,277)**	**1,805,257**
Cash and cash equivalents at beginning of period		1,805,461	204
Cash and cash equivalents at end of the period	14	**132,184**	**1,805,461**

The accompanying notes on pages 55-75 form an integral part of these financial statements. During the financial year the Group issued shares to its shareholder Kibo Mining (Cyprus) Limited in lieu of partial settlement of its loan account. The issued shares amounted to £1,000,000.

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2022 Audited £	Fifteen months ended 31 December 2021 Audited £
Cash flows from operating activities			
Profit/(Loss)for the period before taxation		(3,341,967)	(1,557,026)
Adjusted for:			
Depreciation		751	
Impairment loss		2,489,731	895,288
Non-cash interest accrued		54,805	
Gain on revaluation of derivatives		(86,558)	-
Expenses settled in shares		-	172,710
Non-cash expenditure		-	41,109
		(883,237)	**(447,919)**
Movement in working capital			
Decrease in debtors	13	(11,912)	(4,545)
Increase in creditors	19	63,171	36,028
		51,259	**31,483**
Net cash outflows from operating activities		**(831,979)**	**(416,436)**
Cash flows from investing activities			
Property, plant and equipment acquired		(4,767)	
Investment in subsidiary		(1,551,773)	(2,813,064)
Net cash outflows from investing activities		**(1,556,540)**	**(2,813,064)**
Cash flows from financing activities			
Proceeds of issue of share capital		-	5,016,835
Proceeds from convertible loan notes		650,000	
Net cash used in financing activities		**650,000**	**5,016,835**
Net (decrease)/increase in cash and cash equivalents		**(1,738,519)**	**1,787,335**
Cash and cash equivalents at beginning of period		1,787,335	-
Cash and cash equivalents at end of the period	14	**48,816**	**1,787,335**

The accompanying notes on pages 55-75 form an integral part of these financial statements. During the financial year the Company issued shares to its shareholder Kibo Mining (Cyprus) Limited in lieu of partial settlement of its loan account. The issued shares amounted to £1,000,000.

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

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 commencement, available information about the future, the possible outcomes of planned events, changes in future conditions, 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 £2,733,000 compared to £1,408,958 for the preceding 15 month-financial period;
- Cash and cash equivalents readily available to the Group in the amount of £132,184 in order to pay its creditors and maturing liabilities in the amount of £1,911,030 as and when they fall due and meet its operating costs for the ensuing twelve months; 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.

Following on from the losses incurred in the current financial period, coupled with the net current liability position the Group finds itself in as at December 2022, these conditions, together with those mentioned above, are considered to indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. This is largely attributable to the short-term liquidity position that the Group finds itself in as a result of the staggered implementation approach regarding the underlying operations to a point where the operations can positively contribute to the cash requirements of the larger Group.

The Directors have evaluated the Group's liquidity requirements to confirm whether the Group has adequate cash resources to continue as a going concern for the foreseeable future. By considering the net current liability position, and consequently preparing a cash flow forecast covering a period of 12 months from the date of approval of these financial statements, the Directors have concluded that the Group would be able to continue its operations as a going concern.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Successful conclusion of funding requirements of the Group in order to complete construction of the Group's remaining sites
- Successful commissioning of the remaining power-generation facilities in order to achieve net-cash positive contributions toward the larger Group
- Successful negotiations with Kibo Mining (Cyprus) Limited, relating to the potential deferral of loans payable in the foreseeable future beyond a 12-month period after year-end.

As the Board is confident it would be able to successfully implement the above matters, it has adopted the going concern basis of accounting in preparing the consolidated financial statements.

Statement of Preparation

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

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

Accordingly, the following accounting treatment and terminology has been applied in respect of the acquisition:

- the assets and liabilities of the legal subsidiary the Sloane SubGroup are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings recognised in the Group financial statements reflect the retained earnings of the Sloane SubGroup immediately before the Acquisition, being 17 September 2020, are those of the Sloane SubGroup.
- However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent (MAST Energy Developments PLC), including the equity instruments issued under the share for share exchange to effect the Acquisition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Use of Estimates and Judgements

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

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

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

Impairment assessment of investments in subsidiaries, property plant and equipment and intangible assets
In applying IAS 36, impairment assessments are performed whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable.

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

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

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 2022, mainly due to the loans from related parties in the amount of £1,231,535 which contributes significantly to the material uncertainty related to the going concern assumption applied in preparation of the financial statements. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

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

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

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

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

During the financial year two acquisition occurred where ADV 001 Limited (Hindlip Lane) and ARL 018 Limited were acquired and IFRS 3 recognition conditions were applied.

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Property, plant and equipment
Assets are reviewed for impairment at each reporting date when there are indicators of impairment 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 to sell 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.

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 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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), 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.

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 disclosed separately.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on intangible 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.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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 transaction price is the amount of consideration to which the expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and is variable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.	1 January 2023
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2. IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.	1 January 2023
Definition of accounting estimates: Amendments to IAS 8 The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
Annual Improvements to IFRS Standards 2018–2021 IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs. IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

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. It may result in additional disclosure requirements.

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 FINANCIAL STATEMENTS

1. Segment analysis

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

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

31 December 2021	Bordersley	Rochdale	Pyebridge	Treasury and Investment	Group
	(£)	(£)	(£)	(£)	(£)
Revenue	-	-	3,245	-	3,245
Cost of sales	-	-	(34,321)	-	(34,321)
Impairment	-	-	-	(300,000)	(300,000)
Depreciation	(9,793)	-	-	-	(9,793)
Loss before tax	**65,821**	**(15,906)**	**(88,527)**	**(1,370,346)**	**(1,408,958)**
Total assets	**3,087,261**	**261,454**	**2,491,666**	**1,790,107**	**7,630,488**
Total liabilities	**(107,542)**	**(5,570)**	**(50,240)**	**(3,617,410)**	**(3,780,762)**

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

2. Revenue

	31 December 2022 (£) Group	31 December 2021 (£) Group
Electricity sales	1,036,743	3,245
	1,036,743	**3,245**

Revenue comprised electricity sales.

NOTES TO THE FINANCIAL STATEMENTS

3. Other Income

	31 December 2022 (£) Group	31 December 2021 (£) Group
Loan waiver – St. Anderton on Vaal	-	355,659
Gain on revaluation of derivative liabilities	86,558	
	86,558	**355,659**

During the financial year the Group recorded other income resulting from the revaluation of derivative liabilities. These liabilities were recognised as part of convertible loan notes entered into during the financial year. The derivative liability was fair valued at year end and resulted in a gain for the financial year.

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after the following key transactions:	31 December 2022 (£) Group	31 December 2021 (£) Group
Depreciation of property, plant and equipment	65,948	9,793
Expenditure settled in shares	-	172,710
Impairment of intangible assets	1,288,578	300,000
Gain on revaluation of derivative liabilities	(86,558)	-

5. Auditors remuneration

	31 December 2022 (£)	31 December 2021 (£)
Audit fees for the audit of the Company's annual accounts	18,750	15,000
Fees payable to the Company's auditor and its associates for:		
Audit fees for audit of Company's subsidiaries required by legislation	41,250	22,500
Audit fees to the Company's auditors	**60,000**	**37,500**
Non-audit services (Reporting Accountant Engagement)	36,000	59,945

6. Directors' emoluments

	Group 31 December 2022 (£)	Group 31 December 2021 (£)	Company 31 December 2022 (£)	Company 31 December 2021 (£)
Basic salary and fees	233,075	171,463	245,075	75,737
	233,075	**171,463**	**245,075**	**75,737**

The emoluments of the Chairman were £36,000 (2020: £27,000).

The aggregate value of any entity contributions paid, or treated as paid, to a pension scheme in respect of Directors' qualifying services, being contributions by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated.

The emoluments of the highest paid Director were £83,075 (2020: £115,262).

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

NOTES TO THE FINANCIAL STATEMENTS

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	-	-	24,000
Total	**233,075**	**-**	**-**	**233,075**

31 December 2021	Salary and fees £	Salary and fees settled in shares £	Warrants issued £	Total £
Louis Coetzee	27,000	-	-	27,000
Paul Venter	115,262	-	-	115,262
Candice Theron (resigned 30 September 2021)	19,264	-	-	19,264
Dominic Traynor (appointed 30 September 2021)	9,937	-	-	9,937
Total	**171,463**	**-**	**-**	**171,463**

Director salaries and fees accrued as at 31 December 2022 amount to £Nil (2020: £Nil).

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

7. Taxation

Current tax

	31 December 2022 (£)	31 December 2021 (£)
Charge for the period in the United Kingdom	-	-
Total tax charge	-	-

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:

	2022 (£)	2021 (£)
Loss on ordinary activities before tax	**(2,733,000)**	**(1,408,958)**
Income tax expense calculated at 19% (2021: 19%)	(519,270)	(267,702)
Expenses which are not deductible – Impairment of intangible assets	244,830	57,000
Losses available for carry forward for which no deferred tax assets are recognised	274,440	210,702
Income tax expense recognised in the Statement of Profit or Loss	-	-

The effective tax rate used for the December 2022 and December 2021 reconciliations above is the corporate rate of 19% payable by corporate entities on taxable profits under tax law in the United Kingdom.

No provision has been made for the 2022 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 £3,959,289 (2021: £2,148,059) available for potential offset against future profits which equates to an estimated

NOTES TO THE FINANCIAL STATEMENTS

potential deferred tax asset of £989,822 (2021: £537,015). These potential deferred tax assets have not been recognised at the balance sheet date due to the uncertainty attached to future profitability.

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 £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 2022 (£)**	**31 December 2021 (£)**
Loss for the period attributable to equity holders of the parent	(2,733,000)	(1,312,243)
Weighted average number of ordinary shares for the purposes of basic loss per share	200,919,900	164,622,838
Basic loss per ordinary share (pence)	(1.36)	(0.80)

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

10. Property, plant and equipment

Group	**Land**	**Plant & Machinery**	**Right of use assets**	**Computer Equipment**	**Total**
Cost	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Opening Cost as at 1 January 2021	602,500	2,011,409	293,793	-	2,907,702
Additions	-	75,061	62,090	4,766	141,917
Derecognition as a result of waiver of deferred payment. (Refer Note 20)	-	(421,041)		-	(421,041)
Closing Cost as at 31 December 2022	**602,500**	**1,665,429**	**355,883**	**4,766**	**2,628,578**

	Land	**Plant & Machinery**	**Right of use assets**	**Computer Equipment**	**Total**
Accumulated Depreciation ("Acc Depr")	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**

NOTES TO THE FINANCIAL STATEMENTS

Opening Acc Depr as at 1 January 2021	**-**	**-**	(9,793)	**-**	(9,793)
Depreciation	-	(52,632)	(12,565)	(751)	(65,948)
Acc Depr as at 31 December 2022	**-**	**(52,632)**	**(22,358)**	**(751)**	**(75,741)**

	Land	Plant & Machinery	Right of use assets	Computer Equipment	Total
Carrying Value	**(£)**	**(£)**	**(£)**	**(£)**	**(£)**
Carrying value as at 31 December 2022	**602,500**	**1,612,797**	**333,525**	**4,015**	**2,552,837**

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

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 ranges between 8.44% and 10.38%.

The Group has valued its property, plant and equipment in line with its directors' estimation of the Value in Use for those assets. Kindly refer to note 11 for the key variables used in the estimation of the value thereof.

Right of use asset	**31 December 2022(£) Group**	**31 December 2021(£) Group**
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Opening balance	**284,000**	**-**
Additions	62,090	293,793
Depreciation	(12,565)	(9,793)
Closing balance	**333,525**	**284,000**

Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:		
Opening balance	**291,518**	**-**
Additions	60,005	293,793
Interest	26,131	24,725
Repayment	(27,000)	(27,000)
Closing balance	**350,654**	**291,518**

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2022(£) Group	31 December 2021(£) Group
Spilt of lease liability between current and non-current portions:		
Non-current	346,674	289,045
Current	3,980	2,473
Total	**350,654**	**291,518**
Future minimum lease payments fall due as follows		
- within 1 year	33,960	27,000
- later than 1 year but within 5 years	135,840	108,000
- later than 5 years	756,720	648,000
Subtotal	**926,520**	**783,000**
- Unearned future finance charges	(575,866)	(491,481)
Closing balance	**350,654**	**291,519**

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

11. Intangible assets

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

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

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

Intangible assets are amortised once commercial production commences over the remaining useful life of the project, which is estimated to be 20 years, depending on the unique characteristics of each project.

Until such time as the underlying operations commence production, the Group performs regular impairment reviews to determine whether any impairment indicators exist.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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 costs to sell and value in use. 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 directors consider each project to be a separately identifiable cash generating unit or "CGU". A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Therefore, a CGU could be restricted to a grouping of property, plant and equipment.

All the CGUs are independently tested for impairment and any potential impairment is allocated to the underlying assets of the CGU. These allocations could be against property, plant and equipment or the intangible asset recognised at acquisition date of the related project.

The following key assumptions influence the measurement of the intangible assets' recoverable amounts, through utilising the value in use calculation 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.

The directors perform further sensitivity analysis by modifying key variables in the assessment. The key variables considered for sensitivity are:

- a delay in the expected revenue generation of the projects;
- the weighted average cost of capital ("WACC") which is in turn affected by market interest rates, debt/equity ratios and the holding company's stock volatility against the stock market;
- change in revenue from a increasing or decreasing energy prices;

The expected affect for each of the above changes are as follows:

Key estimation variables	Expected affect on value in use and impairment likelihood
Delay in revenue generation	Value in use will reduce and increase in likelihood of impairment
Increase in WACC	Value in use will reduce and increase in likelihood of impairment
Decrease in WACC	Value in use will increase and decrease in likelihood of impairment
Increase in revenue	Value in use will increase and decrease in likelihood of impairment
Dcrease in revenue	Value in use will reduce and increase in likelihood of impairment

NOTES TO THE FINANCIAL STATEMENTS

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

Key estimation variables	**Rochdale**	**Bordersley**
Life of project	20 years	20 years
Weighted average cost of capital ("WACC")	13.54%	13.54%
Output	4.4MW	5.0MW
Average annual £/MW output	£481,118 per MW output	£423,384 per MW output
Debt/Equity ratio	58/42	58/42
Sensitivity analysis		
Project delayed by 6 months	£102,664	£89,079
250bps Increase/Decrease in WACC	£800,806	£881,030
250bps Increase/(Decrease) in £/MW output	£29,290	£40,868

Key estimation variables	**ADV001**	**ARL018**
Life of project	20 years	20 years
Weighted average cost of capital ("WACC")	13.54%	13.54%
Output	7.5MW	2.4MW
Average £/MW output	£436,463 per MW output	£437,865 per MW output
Debt/Equity ratio	58/42	58/42
Sensitivity analysis		
Projects delayed by 6 months	£40,173	£10,601
250bps Increase/Decrease in WACC	£946,375	£317,017
250bps Increase/Decrease in £/MW output	£36,248	£12,399

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 increased significantly year on year and the weighted average cost of capital rose from +-6.2% in the previous year to 13.5% for the current financial year. This has resulted in impairments being required for the investments and related property, plant and equipment.

Market indicators are predominantly showing an expected decrease in the interest rates during the second half of the 2023 financial year. When these indicators are compared to the sensitivity analysis the Group expects that a high likelihood exists of impairment reversal in future when the market interest rates start lowering.

The assessment of the value in use of the intangible assets resulted in an impairment of £1,288,478 being recognised. The most significant contributor to the impairment required was the increase of the weighted average cost of capital due to increase in market interest rates.

The directors have performed further sensitivity analysis on the value in use assessments with the following variables being assessed:

Key estimation variables	**Reason for assessment**	**Average change in value in use**
Projects delayed by 6 months	Projects are dependent on external funding and delay in funding may result in delay in net cash inflows from the projects	£242,517
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.	£3,737,251
250bps Increase/Decrease in £/MW output	The energy market has experienced above average increases during the financial year and an assessment of 250bps increase or decrease was performed.	£164,621

12. Acquisition of interests in other entities

NOTES TO THE FINANCIAL STATEMENTS

Pyebridge Power Ltd - 2021

Sloane Developments (Sloane) acquired a 100% equity interest in Pyebridge Power Limited ("Pyebridge") for £2,500,000 in cash which is settled as follows:

- An initial £1,485,500 to be paid in cash at completion date on the 10th of August 2021;
- Repayment of the loan outstanding of £14,500 by Sloane to Pyebridge;
- Deferred consideration of £1,000,000 to be paid in two tranches 8 months and 12 months respectively from the date of completion. During the 2022 financial year £421,041 of the deferred consideration was waived and the cost price of the assets reduced with the same amount.

The acquisition of Pyebridge comprised of the following:

- An installed and commissioned synchronous gas-powered standby generation facility; and
- The land on which the gas-powered facility stands.

The acquisition of land and gas-powered generation facility has been 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 between land and the PPE based on their respective fair values as at the date of acquisition, as disclosed in Note 8.

Rochdale Power Ltd - 2021

Sloane Developments (Sloane) acquired a 100% interest in Rochdale Power Limited ("Rochdale"), from Balance Power Projects Limited, for the installation of a 4.4 MW flexible gas power project in Dig Gate Lane, Rochdale, OL 16 4NR.

The acquisition purchase price totals £239,523 of which the freehold site amounts to £90,750 excluding VAT and the property rights amount to £150,273. The acquisition purchase price is to be paid in cash. The freehold site purchased is the property at Dig Gate Lane, Kingsway Business Park, Rochdale, OL16 4NR.

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 8 and Note 10 respectively.

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 was paid from a credit loan obtained from the institutional investor. 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 was accounted for as an asset acquisition at consolidated level, and not as a business combination in accordance with IFRS 3. Therefore the purchase price has been allocated to assets and liabilities acquired based on their respective fair values as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

ARL 018 Ltd – 2022

Sloane Developments (Sloane) acquired a 100% interest in ARL 015 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 £54,882 is 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 the institutional investor. 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 was accounted for as an asset acquisition at consolidated level, and not as a business combination in accordance with IFRS 3. Therefore the purchase price has been allocated to assets and liabilities acquired based on their respective fair values as at the date of acquisition.

13. Other receivables

	Group 2022 (£)	Group 2021 (£)	Company 2022 (£)	Company 2021 (£)
Consists of:				
Other receivables	136,801	181,845	16,457	4,545
	136,801	**181,845**	**16,457**	**4,545**

The carrying value of current 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 (£)		Company (£)	
	2022	2021	2022	2021
Cash consists of:				
Cash at bank and in hand	132,184	1,805,461	48,816	1,787,335
	132,184	**1,805,461**	**48,816**	**1,787,335**

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

15. Share capital - Group and Company

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

	2022	2021
Allotted, issued and fully paid shares		
(2022: 217,452,729 Ordinary shares of £0.001 each)	£217,453	-
(2021: 188,717,097 Ordinary shares of £0.001 each)	-	£188,717
	£217,453	**£188,717**

NOTES TO THE FINANCIAL STATEMENTS

	Number of Shares	Ordinary Share Capital (£)	Share Premium (£)
Balance at 31 December 2021	**188,717,097**	**188,717**	**11,682,343**
Partial Settlement of Outstanding Shareholder Loan	28,735,632	28,736	971,264
Balance at 31 December 2022	**217,452,729**	**217,453**	**12,653,607**

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 loan in the amount of £1,000,000. Refer note 18.

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 paid St Anderton on Vaal Limited the sum of £4,065,586 payable by the issue of 36,917,076 ordinary shares of £0.001 each in the Company. Completion of the Share Exchange Agreement was subject to and conditional upon the Admission of Mast Energy Developments Limited to the London Stock Exchange.

Following completion of the IPO on 14 April 2021, the Group acquired the remaining equity interest in MAST Energy Projects 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, the transaction was seen as a transaction with owners, and the financial impact recognised directly in equity of £4,065,586.

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

17. Non-controlling interest

The non-controlling interest related to the minority equity owners of MAST Energy Projects Limited.

	Group	
	2022 (£)	2021 (£)
Opening balance	**-**	**(273,560)**
Loss for the year allocated to non-controlling interest	-	(34,470)
Acquisition of non-controlling interest settled through the issue of shares	-	308,030
Closing balance of non-controlling interest	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

The summarised financial information for significant subsidiaries in which the non-controlling interest has an influence, namely MAST Energy Projects Limited as at ended 31 December 2022, is presented below:

	MAST Energy Projects Limited 2022 (£)	MAST Energy Projects Limited 2021 (£)
Statement of Financial position		
Total assets	-	-
Total liabilities	-	(9,140)
Statement of Profit and Loss		
Revenue for the period	-	997,021
Profit/(loss) for the period	9,040	539,146
Statement of Cash Flow		
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-

MAST Energy Project Limited was dissolved on 24 May 2022

18. Loans from related parties

	Group 2022 (£)	Group 2021 (£)	Company 2022 (£)	Company 2021 (£)
Amounts falling due within one year:				
Kibo Mining (Cyprus) Limited	1,231,535	2,269,035	-	-
	1,235,535	**2,269,035**	**-**	**-**

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.

The loan from Kibo Mining (Cyprus) Ltd was partially settled to the value of £1,000,000 by way of share issue. Refer note 15.

19. Trade and other payables

	Group 2022 (£)	Group 2021 (£)	Company 2022 (£)	Company 2021 (£)
Amounts falling due within one year:				
Trade payables	300,324	259,505	99,199	36,028
	300,324	**259,505**	**99,199**	**36,028**

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

20. Other financial and derivative liabilities

	Group 2022(£)	Group 2021 (£)	Company 2022 (£)	Company 2021 (£)
Amounts falling due within one year:				
Convertible loan notes	354,805	-	354,805	-
Deferred vendor liability	-	960,686	-	-
Derivative liability	20,386	-	20,386	-
Amounts falling due between one year and five years:				

NOTES TO THE FINANCIAL STATEMENTS

Convertible loan notes	243,056	-	243,056	-
	618,247	**960,686**	**618,247**	**-**

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

The settlement was reached as a result of the seller not reaching certain contractual milestones originally agreed to in the purchase agreement of Pyebridge. The deferred payment liability for the purchase was linked to the seller reaching these milestones.

The resulting waiver is treated as price adjustment to the underlying assets for the Company and Group respectively as the fair value of the consideration paid for the assets were reduced by the waiver.

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

These facilities have repayment periods of 18 and 24 months respectively for each drawdown from the facility. The facilities may be converted at the option of the note holders once certain milestones have been met. At the financial year end 31 December 2022, none of these milestones have been met and no conversion may take place. The earliest conversion may occur during October 2023.

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

Reconciliation of movements in other financial and derivative liabilities

Group	**Other financial liabilities**	**Derivative liabilities**	**Total**
	(£)	**(£)**	**(£)**
At 1 January 2022	**960,887**	**-**	**960,887**
Proceeds from convertible loan notes	650,000	-	650,000
Recognition of derivative liability derived from the convertible loan notes	(106,944)	106,944	-
Interest accrued for the deferred payment liability	15,689	-	15,689
Waiver of deferred payment liability	(421,041)	-	(421,041)
Payment of deferred payment liability	(555,535)	-	(555,535)
Interest accrued for the convertible loan notes	54,805	-	54,805
Gain on fair value adjustment of derivative liability		(86,558)	(86,558)
At 31 December 2022 (£)	**597,861**	**20,386**	**618,247**

NOTES TO THE FINANCIAL STATEMENTS

Company	Other financial liabilities	Derivative liabilities	Total
	(£)	(£)	(£)
At 1 January 2022	-	-	-
Proceeds from convertible loan notes	650,000	-	650,000
Recognition of derivative liability derived from the convertible loan notes	(106,944)	106,944	-
Interest accrued for the convertible loan notes	54,805	-	54,805
Gain on fair value adjustment of derivative liability		(86,558)	(86,558)
At 31 December 2022 (£)	**597,861**	**20,386**	**618,247**

21. Investment in Group undertakings

Breakdown of investments at 31 December 2022

	Subsidiary undertakings (£)
Sloane Developments Limited	8,620,224
Total cost of investments	**8,620,224**

Breakdown of investments at 31 December 2021

	Subsidiary undertakings (£)
Sloane Developments Limited	8,558,182
Total cost of investments	**8,558,182**

Movement in investments for the year ended 31 December 2022

	Subsidiary undertakings (£)
Investments at Cost	
At 1 January 2021	**8,558,182**
Advances to subsidiaries	2,551,773
Provision for impairment	(2,489,731)
At 31 December 2022 (£)	**8,620,224**

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 MAST Energy Projects Limited, Bordersley Power Limited, Pyebridge Power Limited and Rochdale Power Limited as well as the capital contributions, net of impairment.

NOTES TO THE FINANCIAL STATEMENTS

As at reporting period end, the investment in Sloane Developments Limited was subject to impairment review, incorporating the underlying Value In Use of each individual project owned by Sloane Developments Limited, being Bordersley Power Limited, Pyebridge Power Limited and Rochdale Power Limited. Refer to Note 11 which includes further details surrounding the parameters utilised in determining the Value in Use 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 as a result of the underlying projects being impaired.

At 31 December 2022 the Company had the following undertakings:

Description	Subsidiary	Activity	Incorporated in	Interest held (2022)	Interest held (2021)
Directly held Investments					
Sloane Developments Limited	Subsidiary	Project holding Company	United Kingdom	100%	100%
Indirectly held Investments					
MAST Energy Projects Limited (dissolved during 2022)	Subsidiary	Project holding Company	United Kingdom	0%	100%
Bordersley Power Limited	Subsidiary	Energy production	United Kingdom	100%	100%
Pyebridge Power Limited	Subsidiary	Energy production	United Kingdom	100%	100%
Rochdale Power Limited	Subsidiary	Energy production	United Kingdom	100%	100%
ARL018 Stather Road	Subsidiary	Energy production	United Kingdom	100%	0%
ADV001 Hindlip Lane	Subsidiary	Energy production	United Kingdom	100%	0%

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

NOTES TO THE FINANCIAL STATEMENTS

22. 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	St Anderton on Vaal Limited
Louis Coetzee	Kibo Energy PLC and Katoro Gold PLC
Dominic Traynor	Druces LLP
Pieter Krügel	Chief Executive Officer

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

St Anderton on Vaal Limited:	St Anderton on Vaal Limited provides consulting services to the Group. The Directors of St Anderton on Vaal Limited are also Directors of Mast Energy Developments PLC.
Kibo Mining (Cyprus) Limited:	Kibo Mining (Cyprus) Limited is the controlling shareholder of Mast Energy Developments PLC.
Ultimate shareholder:	Kibo Energy PLC
Significant shareholders:	St Anderton on Vaal Limited 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 MAST Energy Projects Limited (dissolved on 24 May 2022) Bordersley Power Limited Pyebridge Power Limited Rochdale Power Limited ADV 001 Limited ARL 018 LImited

Balances and transactions

Name	Amount (£) 2022	Amount (£) 2021
Kibo Mining (Cyprus) Limited – Loan from related parties owing	1,231,535	2,269,035
St Anderton on Vaal Limited – Consulting services	-	161,000
Kibo Energy PLC - Management and administration services	-	87,000
St Anderton on Vaal Limited – Purchase of Non-Controlling interest	-	4,065,586

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

NOTES TO THE FINANCIAL STATEMENTS

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.

23. 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 2022 and 2021 financial period, the Group and Company's policy not to undertake trading in derivatives.

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.

	2022 (£)		2021 (£)	
Financial instruments of the Group are:	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial assets at amortised cost				
Trade and other receivables	136,801	-	181,845	-
Cash	132,184	-	1,805,461	-
Financial liabilities at amortised cost				
Loans from related parties	-	1,231,535	-	2,269,035
Trade payables	-	300,324	-	259,505
Other financial liability	-	-	-	960,686
Lease liability	-	350,654	-	291,518
Financial liabilities at fair value				
Other financial liabilities	-	597,861	-	-
Derivative liabilities	-	20,386	-	-
	268,985	**2,500,760**	**1,987,306**	**3,780,744**

	2022 (£)		2021 (£)	
Financial instruments of the Company are:	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial assets at amortised cost				
Trade and other receivables – current	16,457	-	4,545	-
Cash	48,816	-	1,787,335	-
Financial liabilities at amortised cost				
Trade payables – current	-	99,199	-	36,028
Financial liabilities at fair value				
Other financial liabilities	-	597,861	-	-
Derivative liabilities	-	20,386	-	-
	65,273	**717,446**	**1,791,880**	**36,028**

NOTES TO THE FINANCIAL STATEMENTS

Group Sensitivity Analysis
As the Group/Company has no material monetary assets denominated in foreign currencies, the impact associated with a change in the foreign exchange rates is not expected to be material to the Group/Company.

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 2022 (2021: £Nil).

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

Financial instruments	**Group (£)**		**Company (£)**	
	2022	**2021**	**2022**	**2021**
Trade & other receivables	136,801	181,845	16,457	4,545
Cash	132,184	1,805,461	48,816	1,787,335
	268,985	**1,987,306**	**65,273**	**1,791,880**

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 2022 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 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
Derivative liabilities	20,386		

NOTES TO THE FINANCIAL STATEMENTS

Group (£)	Within 1 year	Later than 1 year but within 5 years	Later than 5 years
At 31 December 2021			
Loans from related parties	2,269,035	-	-
Trade and other payables	259,505	-	-
Other financial liability	960,686	-	-
Lease Liabilities	27,000	108,000	648,000

Company (£)	Within 1 year	Later than 1 year but within 5 years
At 31 December 2022		
Trade and other payables	99,199	-
Other financial liabilities	354,805	243,056
Derivative liabilities	20,386	-
At 31 December 2021		
Trade and other payables	36,028	-

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 period ended 31 December 2021. 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.

Hedging
At 31 December 2022, the Group had no outstanding contracts designated as hedges.

24. Post Statement of Financial Position events

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

25. Commitments and Contingencies

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