MAST Energy Developments

MAST Energy Developments plc
(Incorporated in England and Wales)
(Registration Number: 12886458
Share code on the LSE: MAST
ISIN: GB00BMBSCV12.
('MAST' or 'the Company')

Unaudited Interim results for the nine months ended 30 June 2021

Dated 2 September 2021

MAST Energy Developments plc ('MAST' or the 'Company') (LSE: MAST), the LSE listed and UK-based multi-asset operator in the rapidly growing Reserve Power market, is pleased to announce its unaudited results for the nine months ended 30 June 2021.

MAST acquired the entire issued share capital of Sloane Developments Ltd (the 'Sloane SubGroup') with effect from 14 September 2020. Due to the relative size of the acquired operations of the Sloane SubGroup the acquisition is seen as a capital re-organisation for financial reporting purposes.

The acquisition has been recognised utilising the common control accounting principles under the predecessor valuation method, which requires the financial information of the acquired Sloane SubGroup to be disclosed for comparative purposes as MAST Energy Developments plc has no historic trading activities.

Further information relating to the accounting treatment of the Sloane SubGroup acquisition is included under the notes to the interim financial results.

Overview of key events during the interim period up to the date of this report

- The appointment of WH Ireland Ltd as a joint broker alongside Clear Capital Markets.

- Completion of the technical review pertaining to the construction and commissioning of Bordersley site by Clark Energy Ltd ('Clarke Energy'), the Company's EPC-contractor for the Bordersley project.

- Furthermore, due to the highly efficient INNIO Jenbacher engine, Clarke Energy's Engineering, Procurement, and Construction ('EPC') proposal now reflects the complete planning and environmental requirements of the Bordersley site and also incorporates the results of an optimisation review of the initial Clarke Energy EPC-proposal. Based on this, MAST and Clarke Energy have now officially advanced the Bordersley project into the construction phase of the Bordersley development program.

- Post reporting period:

    - Completion of the Sale and Purchase Agreement ('SPA') to acquire Pyebridge Power Ltd, a Special Purpose Vehicle comprising an installed and commissioned synchronous gas-powered standby generation facility with 9 MW export capacity; and
    - Entered into a definitive SPA to acquire a 100% interest in Rochdale Power Ltd, a Special Purpose Vehicle from Balance Power Projects Ltd, for the installation of a 4.4 MW flexible gas power project.

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

ENDS

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

Louis Coetzee	info@med.energy	Mast Energy Developments plc	Non-Executive Chairman
Jonathan Critchley & Keith Swann	+44 (0)20 3869 6080	Clear Capital Markets	Joint Broker
Chris Hardie & Sarah Mather	+44 (0)20 7220 1666	WH Ireland Ltd	Joint Broker

MAST
Energy Developments

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS:	Louis Lodewyk Coetzee (Non-Executive Chairman) Paul Venter (Chief Executive Officer) Candice Theron (Non-Executive Director)
REGISTERED OFFICE:	55 Ludgate Hill London United Kingdom EC4M 7JW
COMPANY SECRETARY:	Noel O'Keeffe
PLACE OF INCORPORATION	England & Wales
AUDITORS	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
JOINT - BROKERS:	Clear Capital Markets Broadgate Tower 12th Floor Office 1213 20 Primrose Street London EC2A 2EW WH Ireland Ltd 24 Martin Lane London EC4R 0DR
REGISTRAR:	Link Group Unit 10 Central Square 29 Wellington Street Leeds LS1 4DL

MAST
Energy Developments

CONTENTS

MAST
Energy Developments

DIRECTORS' STATEMENT

I am pleased to present our Interim Report for the nine months to 30 June 2021 following the Company's IPO and Listing on the LSE on 14 April 2021 ('the Listing'). We raised £5.54 million through a placing of 47,150,000 Ordinary Shares (representing 25% of the Company's issued share capital on Admission) at 12.5 pence each to institutional and retail investors to fund our aggressive expansion plans in the UK Reserve Energy market. This statement overlaps in part with that in our previous Interim Report covering the 6-month period to 31 March 2021 published on 26 May 2021 and is herein updated for the three-month period from 31 March to 30 June 2021 and for some recent significant post period acquisitions.

The Company's main activities during the first quarter of 2021 covered the preparatory work for the Listing and comprised corporate structuring of MAST and its subsidiaries (together the 'Group'), negotiating agreements for the acquisition of reserve energy sites, marketing to investors and prospectus preparation. 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 stated in the Company Prospectus. I outline below the latest progress with our initial project, Bordersley and the two additional projects on which acquisition and lease agreement heads of terms respectively were executed during 2021. As discussed below, Pyebridge has now been acquired together with a new additional site, Rochdale.

Bordersley (5 MW base case with upward optimisation capability of 19.12 MW)

Despite Covid-19 restricting physical access to the Bordersley project site, the Company progressed the Bordersley project by, amongst other development work such as Engineering, Procurement, and Construction ('EPC') Scope of Works ('SoW'), entering into a 20-year tenancy agreement with two 5-year extension periods with the landlord. This term is synchronous with gas reciprocating engine life expectancy and optimises commercial and technical outcomes.

The Company has now obtained an updated EPC SoW proposal from Clark Energy Ltd ('Clarke Energy'), preferred EPC provider for MAST, commensurate with updated and amended site specifications. The principal updates to the SoW are:

- Reconfiguration of the gas reciprocating engine combination reduced the combined power pack to two engines from the original three. The two generators will provide a total installed generation capacity of 5,352 kW and will deliver a minimum net export capacity of 5.2 MW.

- The optimised number of units provide clear benefits with regards to capital cost of equipment, site installation time/cost and operations and maintenance costs. This will also leave sufficient redundant surface area to create an opportunity for future installation of a third generator, thereby increasing the electricity export capacity from the current 5 MW to a potential 7.5 MW with commensurate increase in revenue, due to higher electricity sales, of c. £12,500 p/m.

- The delivery lead time for the selected generation equipment has been optimised to 22 weeks from the original 26.

- Clarke Energy:

    - Clarke Energy have assumed the roles of Principal Contractor and Principal Designer under the CDM Regulations and will include the necessary site facilities during the construction and installation works.

    - As part of the EPC SoW, Clarke Energy shall be responsible for the connection of natural gas supply downstream from the new gas metering kiosk through to each engine, provision of the civil engineering works and compound construction.

- Finance

    - The 'all in' EPC SoW fee proposal is C. £2.9m vs the previously reported £2.8m and is due to the inclusion of an exhaust stack, civil engineering works, compound construction and the connection of the natural gas supply to the engines. These items were previously costed in the Balance of Plant budget, but now included in the EPC SoW.

- Debt financing at 65% of project capex currently being negotiated with a blue-chip financier at very competitive commercial terms.

- Construction

  - Following a site visit by Clarke Energy, they completed their final technical review for the construction and commissioning of Bordersley. Based on the highly efficient INNIO Jenbacher engine, Clarke Energy's EPC-proposal now reflects the complete planning and environmental requirements of the Bordersley site and incorporates the results of an optimisation review of the initial Clarke EPC-proposal. Based on this, MAST and Clarke Energy have now commenced construction of Bordersley.

As noted in the previous Interim report, Bordersley now has numerous optimisation options to develop as a Reserve Power ('RP') generation hub by virtue of shared infra-structure with Pyebridge, power generation off-take by proxy sales and economy of scale due to two close-by RP sites totalling 14.12 MW of generating capacity which culminates in EPC and Balance of Plant economy of scale project costs and timelines.

Pyebridge (9 MW Site)

We are delighted to reflect on the recent completion of the Share Purchase Agreement ('SPA') on this 9 MW site announced on the 12 August 2021. We can now reveal that this site is Pyebridge located in Derbyshire, a freehold site with full plant, connection infrastructure and off-take agreements for immediate production. The purchase price of £2.5m comprising an upfront payment of £1.5m and two additional payments of £0.5m following 8 and 12 months respectively after the signing of the SPA represents, in the board's opinion, exceptional value. As well as being production-ready, the Company's recent financial modelling optimisation demonstrates potential revenues of £8.77m over its lifetime and a healthy IRR of up to 21%. This equates to revenue from the site of £42,500 per month when the engines reach steady-state production over the next few months.

The acquisition of Pyebridge is a milestone in the development of MAST's portfolio as the Company's first revenue generating asset and will give momentum towards achieving our stated target of having up to 300 MW installed reserve power capacity within the next few years.

Rochdale Power Ltd (4.4 MW Site)

Following immediately on the acquisition of Pyebridge, we announced the completion of another SPA for the acquisition of Rochdale Power Ltd ('Rochdale'), located in Rochdale, on the 16 August 2021. Rochdale is a freehold site with all key connectivity infrastructure, offers and permissions in place for the hosting of a 4.4 MW gas generating flexi-power plant, upwardly adjustable to 7.5 MW. Further to a positive due diligence review and recommendation by MAST's Owner Engineer, Encora Energy Ltd, we acquired the site for an all-in cost of £222,000 comprising £90,000 for the freehold and £132,000 for the property rights.

Clarke Energy, the company's preferred EPC-contractor is currently in the process of optimising the site to incorporate planning consent discharge conditions and ground investigations and, subject to issuing the notice to proceed and no external connectivity delays, commercial commissioning of the Rochdale site is expected during Q2 2022.

Following final execution of agreements on Pyebridge and Rochdale, we have an initial nucleus of production-ready sites from which we plan to expand our site portfolio to 40 - 50 MW production capacity over the next 12 months and 300 MW within the next 33 months.

The scale and pace at which we are expanding our RP site portfolio is facilitated by an existing off-take agreement framework agreed with leading renewable energy management and energy trading company Stakraft Markets GmbH ('Statkraft'). An off-take agreement for the Bordersley site has already been finalised. Similar off-take agreements will be negotiated for the other sites within the framework agreement concluded with Statkraft.

The opportunity to develop a business based on these small gas-fired generating plants is as a result of the increasing renewable energy dependent UK electricity grid, particularly in relation to wind generation. The demand for small stand-by, rapid start-up, flexible power generation to support drops in base load power has become more acute in recent years and of particular note was the blackout in 2019, and we anticipate the market to continue to grow commensurate with the continued transition from fossil fuels to renewable resources in powering the national grid.

We have appointed WH Ireland Ltd ('WHI') as a joint broker alongside Clear Capital Markets. We believe that with the benefit of WHI's extensive institutional investor base and research capacity we will be better positioned to support MAST as an attractive investment target. As noted earlier we are also currently in negotiations on a debt funding facility for Bordersley and these negotiations are now being expanded to include the other projects in our reserve energy portfolio. We will shortly be in a position to update the market on this.

We believe that as an early entrant in this market we are well positioned to rapidly grow our business and I look forward to keeping you updated as we progress.

Financial summary of the MAST Energy Developments plc Group

	3 months ended 30 June 2021	**6 months ended 30 June 2021 ****	**9 months ended 30 June 2021**	**9 months ended 30 June 2020**	**12 months ended 31 December 2020**
	£	**£**	**£**	**£**	**£**
Revenue	-	-	-	-	-
Loss before tax	(502,151)	(672,191)	(1,012,209)	(220,043)	(657,564)
Earnings per share (pence)	(0.36)	(0.45)	(0.71)	(0.21)	(0.48)
Net debt	(1,163,943)	(1,163,943)	(1,163,943)	2,797,821	3,141,552

***** included for the purposes of baseline financial reporting relating to the 30 June 2022 financial period, following a change in the year end of MAST Energy Developments plc from September to December going forward.***

Overall trading performance for the nine months ended 30 June 2021

Group revenue is £Nil for the nine-month period ended 30 June 2021. The first projects in the UK Reserve Power market are expected to come on stream imminently from which the Group expects to commence generating revenue.

The loss before taxation of £1,012,209 for the nine months ended 30 June 2021 increased by £792,166 due to additional corporate costs when compared to the previous nine months period ended 30 June 2020. The increase in the loss has stemmed from the increase in operational activities in the fourth quarter of 2020 and the first and second quarter of 2021.

The liquidity position of the group has increased significantly subsequent to March 2021, the previously reported interim results, due to the successful IPO on 14 April 2021 resulting in a capital raising of £5.54m.

There have been no dividends declared or paid during the current financial period (2020: £Nil).

REPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
b) the Interim Directors' Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.7R (indication of important events during the first nine months and description of principal risks and uncertainties for the remaining six months of the year); and
c) the Interim Directors' Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.8R (disclosure of related party transactions and changes therein); and
d) this nine-month interim report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve

uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

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

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

MAST Energy Developments

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 JUNE 2021

	Note	3 months ended 30 June 2021 (Unaudited) £	6 months ended 30 June 2021 ** (Unaudited) £	9 months ended 30 June 2021 (Unaudited) £	9 months ended 30 June 2020 (Unaudited) £	12 months ended 31 December 2020 (Unaudited) £
Revenue		-	-	-	-	-
Cost of sales		-	-	-	-	-
Gross Profit		-	-	-	-	-
Other income		-	-	-	1,474	-
Administrative expenses		(227,671)	(275,443)	(321,391)	(12,096)	(219,821)
Listing expenditure		(260,879)	(260,879)	(422,622)	-	(161,743)
Prospecting expenditure		(6,183)	(123,506)	(255,833)	(209,421)	(276,000)
Operating loss		**(494,733)**	**(659,828)**	**(999,846)**	**(220,043)**	**(657,564)**
Investment income		-	-	-	-	-
Finance charges		(7,418)	(12,363)	(12,363)	-	-
Loss before tax		**(502,151)**	**(672,191)**	**(1,012,209)**	**(220,043)**	**(657,564)**
Tax		-	-	-	-	-
Loss for the period		**(502,151)**	**(672,191)**	**(1,012,209)**	**(220,043)**	**(657,564)**
Other comprehensive Income/(loss)		-	-	-	-	-
Total comprehensive loss		**(502,151)**	**(672,191)**	**(1,012,209)**	**(220,043)**	**(657,564)**
Loss for the period		**(502,151)**	**(672,191)**	**(1,012,209)**	**(220,043)**	**(657,564)**
Attributable to owners of the parent		(502,151)	(637,722)	(915,494)	(138,493)	(502,194)
Attributable to non-controlling interest		-	(34,469)	(96,715)	(81,550)	(155,370)
Total comprehensive loss		**(502,151)**	**(672,191)**	**(1,012,209)**	**(220,043)**	**(657,564)**
Attributable to owners of the parent		(502,151)	(637,722)	(915,494)	(138,493)	(502,194)
Attributable to non-controlling interest		-	(34,469)	(96,715)	(81,550)	(155,370)
Loss per share						
Basic and diluted loss per share (Pence)	5	(0.36)	(0.45)	(0.71)	(0.21)	(0.48)

***** The inclusion of the trading activities and financial performance for the six-month period from 1 January 2021 to 30 June 2021, is for the purposes of baseline financial reporting relating to the 30 June 2022 financial period, following a change in the year end of MAST Energy Developments plc from September to December going forward.***

MAST
Energy Developments

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30 June 2021 (Unaudited) £	31 December 2020 (Unaudited) £	30 June 2020 (Unaudited) £
Assets				
Non-current assets				
Goodwill	8	300,000	300,000	300,000
Intangible assets	7	2,595,000	2,595,000	2,595,000
Right of use asset	10	295,860	-	-
		3,190,860	**2,895,000**	**2,895,000**
Current assets				
Trade and other receivables		11,838	-	-
Cash and cash equivalents		4,283,233	204	234
Total current assets		**4,295,071**	**204**	**234**
Total Assets		**7,485,931**	**2,895,204**	**2,895,234**
Equity				
Share capital	6	188,564	104,497	104,497
Share premium	6	11,775,163	2,511,432	627,470
Capital contribution reserve		-	-	2,118,095
Merger reserve		410,727	410,727	-
Acquisition of minority interest	9	(4,373,614)	-	-
Retained deficit		(3,634,199)	(2,999,648)	(2,579,218)
Reserves attributable to owners		**4,366,641**	**27,008**	**270,844**
Minority interest		-	(273,560)	(173,665)
Total Equity		**4,366,641**	**(246,552)**	**97,179**
Liabilities				
Non-current liabilities				
Lease liability	10	296,435	-	-
Total non- current liabilities		**296,435**	-	-
Current liabilities				
Trade and other payables		31,951	14,506	149,284
Other financial liabilities		355,397	456,000	228,771
Loans from group companies		2,433,086	2,671,250	2,420,000
Lease liability	10	2,421	-	-
Total current liabilities		**2,822,855**	**3,141,756**	**2,798,055**
Total Liabilities		**3,119,290**	**3,141,756**	**2,798,055**
Total Equity and Liabilities		**7,485,931**	**2,895,204**	**2,895,234**

MAST Energy Developments

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Share Premium	Merger Reserve	Capital Contribution Reserve	Acquisition of minority interest	Retained deficit	Minority interest	Total
	£	£	£	£	£	£	£	£
Balance as at 1 October 2019	**104,497**	**627,470**	**-**	**2,560,742**	**-**	**(2,440,725)**	**(92,115)**	**759,869**
Total comprehensive loss for the period	**-**	**-**	-	**-**	**-**	(56,729)	(26,075)	**(82,804)**
Movement in capital contributions	**-**	**-**	-	(19,871)	**-**	-	-	**(19,871)**
Balance at 31 December 2019	**104,497**	**627,470**	-	**2,540,871**	**-**	**(2,497,454)**	**(118,190)**	**657,194**
Total comprehensive loss for the period	-	-	-	-	-	(88,954)	(37,029)	**(125,983)**
Deferred vendor acquisition settled via shares	-	-	-	(421,472)	-	-	-	**(421,472)**
Movement in capital contributions	-	-	-	57,013	-	-	-	**57,013**
Balance as at 31 March 2020	**104,497**	**627,470**	**-**	**2,176,412**	**-**	**(2,586,408)**	**(155,219)**	**166,752**
Total comprehensive loss for the period	**-**	-	-	-	-	(413,240)	(118,341)	**(531,581)**
Issue of share capital	-	1,883,962	410,727	(2,176,412)	-	-	-	**118,277**
Balance at 31 December 2020	**104,497**	**2,511,432**	**410,727**	**-**	**-**	**(2,999,647)**	**(273,560)**	**(246,552)**
Total comprehensive loss for the period	-	-	-	-	-	(132,400)	(34,469)	**(166,869)**
Balance at 31 March 2021	**104,497**	**2,511,432**	**410,727**	**-**	**-**	**(3,132,048)**	**(308,029)**	**(413,421)**
Total comprehensive loss for the period	-	-	-	-	-	(502,151)	-	**(502,151)**
Shares issued on listing	44,320	5,080,180	-	-	-	-	-	**5,124,500**
Expenditure settled in shares	2,830	154,883	-	-	-	-	-	**157,713**
Acquisition of Non-controlling interest settled through the issue of shares	36,917	4,028,668	-	-	(4,373,614)	-	308,029	**-**
Balance at 30 June 2021	**188,564**	**11,775,163**	**410,727**	**-**	**(4,373,614)**	**(3,634,199)**	**-**	**4,366,641**

MAST Energy Developments

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED 30 JUNE 2021

	6 months 1 January to 30 June 2021 (Unaudited) £	9 months 1 October to 30 June 2021 (Unaudited) £	9 months 1 October to 30 June 2020 (Unaudited) £	12 months to 31 December 2020 (Unaudited) £
Loss for the period before taxation	(672,191)	(1,012,209)	(220,043)	(657,564)
Adjusted for:				
Other income	-	-	(1,472)	-
Trade expense settled by counterparty	132,073	397,229	82,971	653,667
Operating loss before working capital changes	**(540,118)**	**(614,980)**	**(138,544)**	**(3,897)**
Increase/(decrease) in trade and other payables	(104,805)	(29,973)	138,520	3,843
(Increase)/decrease in trade and other receivables	(20,156)	(20,156)	-	-
Net cash outflows from operating activities	**(665,079)**	**(665,109)**	**(24)**	**(54)**
Cash flows from financing activities				
Loan from Group companies repaid	(176,392)	(176,392)	-	-
Shares issued net of placing fees	5,124,500	5,124,500	-	-
Net cash proceeds from financing activities	**4,948,108**	**4,948,108**	**-**	**-**
Net (decrease)/increase in cash and cash equivalents	**4,283,029**	**4,282,999**	**(24)**	**(54)**
Cash and cash equivalents at beginning of period	204	234	258	258
Cash and cash equivalents at end of period	**4,283,233**	**4,283,233**	**234**	**204**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 JUNE 2021

Note 1: General information

MAST Energy Developments plc ('MAST' or the 'Company') is incorporated in England & Wales as a public Ltd company. The Company's registered office is located at 55 Ludgate Hill, London, United Kingdom, EC4M 7JW.

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

The Group has acquired its first site which will comprise a 5 MW gas-fuelled power generation plant supported by a Grid Connection Offer and a Gas Connection Offer. The second Site acquired has immediate phased in approach to operate the engines on load with 24/7 availability (subject to planned maintenance) to be synchronous with the terms of the power off-take agreement, and be installed as operational in steady state status.

The third site acquired has planning consent with the capability to be developed as a RP Gas Reciprocating facility, a hybrid RP and battery site or preferably as a long duration battery storage site due to its unique location with access to both District Network Operator ('DNO') and Private Wire.

Note 2: Basis of Preparation

The condensed interim consolidated financial statements are prepared on the historical cost basis, unless otherwise stated. The Group's accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020 of the ultimate holding Company, except for the adoption of new or amended standards applicable from 1 January 2021, which had no material impact on the financial statements of the Group.

The condensed consolidated interim financial statements of the Company have been prepared in compliance with the framework concepts and the measurement and recognition requirements of IAS 34, IFRS as issued by the International Accounting Standards Board.

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

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

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

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

Note 3: Basis of Presentation and Consolidation

On 14 September 2020, the Company became the legal parent of Sloane Developments Ltd following the acquisition by the Company of the entire issued share capital of Sloane Developments Ltd (the Acquisition). The comparative results for the year ended 31 December 2020 and for the 9 months period ended 30 June 2020 represent the consolidated position of Sloane Developments Ltd and its Subsidiaries ('the Sloane SubGroup') prior to this acquisition.

The Acquisition of the Sloane SubGroup by MAST is deemed to be outside the scope of IFRS 3 and not considered a business combination as the Acquisition is seen as a common control transaction, following from the fact that Kibo Energy plc continues to retain control over the Sloane SubGroup subsequent to the disposal of the Sloane SubGroup to MAST.

On this basis, the Directors have developed an accounting policy for the Acquisition, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

- relevant to the users of the financial information;
- more representative of the financial position, performance and cash flows of the Group;
- reflects the economic substance of the transaction, not merely the legal form; and
- free from bias, prudent and complete in all material aspects.

As MAST 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, and the results of the period from 1 October 2019 to the date of the Acquisition, being 14 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.

Note 4: Going concern

The Company currently generates no revenue and had net equity of £4,366,641 as at 30 June 2021.

Following the recent successful IPO, where the Group raised cash in the amount of £5,124,500, the Group has adequate cash and cash equivalents (financial resources) to ensure the Group is able to continue as a going concern for the foreseeable future.

Furthermore, after reviewing the Group's financial position and forecast financial projections, the directors of the Company (the 'Directors') have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future.

For this reason, they adopted the going concern basis in preparing the Group Financial Information.

The effective implementation of COVID-19 vaccination protocol within the key areas the Group operations has led to an increase in operational activity for the Group. As at the time of preparing these results, the Group does not anticipate any further significant foreseeable disruption from the COVID-19 pandemic, and expects operational activities to normalise in the coming months.

MAST Energy Developments

Note 5: Loss per share

The calculation of loss per share is based on the following loss and number of shares:

	3 Months ended 30 June 2021 £	6 Months ended 30 June 2021 £	9 Months ended 30 June 2021 £	9 Months ended 30 June 2020 £	12 Months ended December 2020 £
Profit/(loss) for the period from continuing operations	**(502,151)**	**(637,722)**	**(915,494)**	**(138,493)**	**(502,194)**
Weighted Average basic and diluted number of shares	140 260 301	140 260 301	128 208 186	104 496 960	104 496 960
Basic and diluted Earnings/(loss) per share (pence)	(0.36)	(0.45)	(0.71)	(0.21)	(0.48)

The Group presents basic and diluted earnings per share on the basis that the current issued ordinary shares in issue have always been in place.

The Group has no dilutive instruments in issue, thus the dilutive loss per share equals the basic loss per share.

Note 6: Share Capital

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

	30 June 2021 £	31 December 2020 £	30 June 2020 £
Allotted, called-up and fully paid:	188,564	104,497	104,497

A reconciliation of the number of shares in issue set out below:

	Number of Shares	Allotted, called-up and fully paid £
As at 1 October 2019	**104 496 960**	**104,497**
Shares issued during the period	-	-
As at 1 January 2021	**104 496 960**	**104,497**
Shares issued on listing	44,320,000	44,320
Expenditure settled in shares	2,830,000	2,830
Acquisition of Non-controlling interest settled through the issue of shares	36,917,076	36,917
As at 30 June 2021	**188 564 036**	**188,564**

Note 7: Intangible Assets

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

	Bordersley Power (£)
Valuation as at 1 January 2019	**-**
Acquisition of Bordersley Power Ltd	2,595,000
Impairments	-
Carrying value as at 30 June 2020	**2,595,000**
Impairments	-
Carrying value as at 31 December 2020	**2,595,000**
Impairments	-
Carrying value as at 30 June 2021	**2,595,000**

Sloane Developments Ltd ('Sloane') initially acquired a direct 100% equity interest in shovel-ready reserve power generation project, Bordersley, which will comprise a 5 MW gas-fuelled power generation plant for the consideration of £175,000 settled through the issue of shares. St Anderton on Vaal ('St Anderton'), the previous shareholder of Bordersley, retained an interest in the shovel-ready reserve power generation project in Bordersley, via a Royalty Agreement in which it would receive a 5% royalty payment calculated on the net revenue, which comprises power generation revenue less directly related expenses incurred ('Net Revenue').

Subsequent to the acquisition of the direct equity interest in Bordersley, Sloane acquired all of St Anderton's remaining indirect interests, in the form of a Royalty Agreement in the Bordersley power project described above, giving it a 100% economic and 100% equity interest in Bordersley (the 'Acquisition'). Consideration for the Acquisition consists of the allotment and issue of 46,067,206 ordinary shares in the capital of Kibo Energy plc ('Kibo') to St Anderton at an issue price of £0.0525 per share and payable in five tranches ('Consideration Shares') such that the full consideration is only payable in the event that Bordersley is progressively derisked.

The issue price of the Consideration Shares and the associated number to be issued to St. Anderton was determined by using the methodology set out in the original MAST vendor agreement as guidance, and was calculated as c. £2,420,000 comprising:

- 100% of the net present value of the Project Royalties (being the royalty equal to 5% of the gross revenue less gas and trading costs) amounting to c. £370,000; and
- 40% of the net present value of the Project Revenue (being net profit before tax) flowing to St Anderton from Bordersley through MAST amounting to c. £2,050,000.

St Anderton continued to provide consulting services to the Group.

Note 8: Goodwill

In the 2018 financial period the Group acquired a 60% equity interest in MAST Energy Projects Ltd, previously known as MAST Energy Developments Ltd, for £300,000, settled through the issue of 5,714,286 ordinary shares in Kibo Energy plc effective on 19 October 2018. The acquisition of MAST Energy Development Ltd falls within the ambit of IFRS 3: Business Combinations. The net assets acquired were valued at £Nil, with the resultant purchase price being allocated to Goodwill on date of acquisition.

Various shovel ready sites have already been identified in the UK, capable of sustaining gas fired power generators and ancillary structures from 20 MW upwards. Financial modelling indicates projected IRRs of 13-16% and NPVs of £16-19m for the initial assets.

Note 9: Acquisition of minority interest

During the period, effective from 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.

MAST
Energy Developments

Note 10: Right of use asset and Lease liability

The Group has one lease contract for land it shall utilise to construction a 5MW gas-fuelled power generation plant. The land is located at Bordersley, Liverpool Street, Birmingham. The lease of the land has a lease term of 20 years, with an option to extend for 10 years which the Group has opted to include due to the highly likely nature of extension as at the time of the original assessment. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group's incremental borrowing rate implicit to the lease is 8.44%.

Right of use asset	**30 June 2021(£)**	**31 December 2020(£)**	**30 June 2020(£)**
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:			
Opening balance	**-**	**-**	**-**
Additions	297,593	-	-
Depreciation	(1,733)	-	-
Closing balance	295,860	**-**	**-**

Lease liability	**30 June 2021(£)**	**31 December 2020(£)**	**30 June 2020(£)**
Set out below are the carrying amounts of lease liabilities and the movements during the period:			
Opening balance	**-**	**-**	**-**
Additions	297,593	-	-
Interest	12,363	-	-
Payments	(11,100)	-	-
Closing balance	**298,856**	**-**	**-**
Spilt of lease liability between current and non-current portions			
Current	2,421	-	-
Non-current	296,435	-	-
	298,856	**-**	**-**

Note 11: Subsequent events

The following subsequent events have been noted:

- MAST entered into a Sale and Purchase Agreement to acquire Pyebridge Power Ltd , a Special Purpose Vehicle comprising an installed and commissioned synchronous gas-powered standby generation facility with 9 MW export capacity; and
- MAST entered into a definitive Sale and Purchase Agreement to acquire a 100% interest in Rochdale Power Ltd, a Special Purpose Vehicle from Balance Power Projects Ltd, for the installation of a 4.4 MW flexible gas power project.

.

Note 12: Commitments and contingencies

There are no material contingent assets or liabilities as at 30 June 2021.

MAST
Energy Developments

Note 13: Segment report

As the Group currently operates from a single geographical location, and there are no varying internal operating segments within the group, no segmental reporting is being disclosed currently.

Note 14: Principal risks

The principal risks and uncertainties identified in the last Annual Report of Kibo Energy plc, the holding company of Mast Energy Development plc, issued in June 2021, have not materially changed in the interim period of Mast Energy Development plc.

Note 15: Related Parties

Related parties of MAST comprise subsidiaries, joint ventures, significant shareholders, the MAST Directors and related parties in terms of the listing requirements.

Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

Transactions between MAST and its subsidiaries, which are related parties, have been eliminated on consolidation.

Relationships

Ultimate holding company	Kibo Energy plc incorporated in Ireland
Holding company	Kibo Mining Cyprus Ltd incorporated in Cyprus
Other entities related parties:	St Anderton on Vaal Ltd provides consulting services. Paul Venter is a director and shareholder of St Anderton on Vaal. Sloane Developments Ltd is a subsidiary MAST Energy Projects Ltd is a subsidiary Bordersley Power Ltd is a subsidiary

Related party balances	**30 June 2021 (£)**	**31 December 2020 (£)**	**30 June 2020 (£)**
Amounts included in Assets/(Liabilities) regarding related parties:			
Kibo Mining Cyprus Ltd	2,433,086	2,671,250	2,420,000
St Anderton on Vaal Ltd	355,397	456,000	228,771
	2,788,483	**3,127,250**	**2,648,771**

Related party transactions	**3 months ended 30 June 2021 (£)**	**6 months ended 30 June 2021 (£)**	**9 months ended 30 June 2021 (£)**	**9 months ended 30 June 2020 (£)**	**12 months ended 30 December 2020 (£)**
Amounts included in other income/(expenditure)					
Kibo Energy plc	(7,500)	(21,000)	(49,500)	(63,000)	(174,000)
St Anderton on Vaal Ltd	-	(69,000)	(69,000)	(207,000)	(276,000)
	(7,500)	**(90,000)**	**(118,500)**	**(270,000)**	**(450,000)**

The transactions during each year between MAST and its subsidiaries included the settlement of expenditures to and from its subsidiaries, and working capital funding. The loans to and from MAST Group companies do not have fixed repayment terms are unsecured and interest free.

Note 16: Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in conformity with EU 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.

The following key areas of estimation uncertainty exist:
• Valuation of Goodwill and intangible assets with an indefinite useful life.

The following key areas of judgement exist:
• Recognition and measurement of exploration and evaluation expenditure; and
• Share based payment transactions.

The principal estimates and judgements identified in the last Annual Report of Kibo Energy plc, the holding company of Mast Energy Development plc, issued in June 2021, have not materially changed/altered in the interim period of Mast Energy Development plc.

Note 17: Financial instruments - Fair value and Risk Management

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

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

The Group does not carry any financial instruments measured in the statement of financial position at fair value at 30 June 2021.