

Mast Energy Developments PLC
(Incorporated in England and Wales)
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('MED' or 'the Company')



Dated: 28 February 2024

Mast Energy Developments PLC ('MED' or 'the Company')

New Strategic Funding Partner & Funding Agreement, New Capacity Market Contracts, and Termination of Proventure JVA

Mast Energy Developments PLC, the UK-based multi-asset owner, developer and operator in the rapidly growing flexible power market, is pleased to announce that it has signed a funding agreement ("Funding Agreement") with an initial funding facility up to £4,000,000 with RiverFort Global Opportunities PCC Limited ('RiverFort'). The Funding Agreement was arranged by Fortified Securities and will see RiverFort joining MED as its strategic funding partner to provide and facilitate funding to develop and construct MED's existing c. 30MW portfolio of assets and new acquisitions to achieve MED's strategic goal of building an enlarged 300MW portfolio of flexible power assets.

New Funding Agreement Key Highlights

- Funding Agreement between MED subsidiary Pyebridge Power Ltd ("Pyebridge"), MED and RiverFort by way of a secured facility (the "Investment") for a commitment amount of up to £4m.
- An initial advance of £450,000 following execution of the Funding Agreement ("Initial Advance").
- Further advances will be made by the Investor on the same terms as the Initial Advance.
- Use of proceeds of the Initial Advance:
 - To lift MED's Pyebridge 9MW flexible power generation asset (the 'Site') out of care and maintenance (see RNS dated 1 December 2023), by initiating first phase of the overhaul work programme of the Site's reciprocal generation engines in order to recommence production and trading revenue generation during April 2024.
 - General working capital purposes of Pyebridge and MED.
- Further funding up to the commitment amount of up to £4m which will predominantly be used to fund the Site's overhaul work programme in order to achieve full generation, efficiency and profitability potential, as well as the further development of MED's other existing sites and additional sites in the future.
- MED and RiverFort in renewed discussions with a number of debt providers including Close Brothers to complement RiverFort's funding for MED's projects' capex requirements. This is part of an approach to create a scalable financing framework anchored by RiverFort.
- Drawdowns under the Investment will have a term of 24 months and attract an annual interest rate of 12% rolled up and paid at maturity.
- Any outstanding balances are to be repaid in cash on the Maturity Date (excluding any balances converted pursuant to the Equity Rights (as described below)).

- MED to act as guarantor to Pyebridge for the re-payment of drawdowns under the Investment on an unsecured basis.
- RiverFort will hold senior security over the assets of Pyebridge while there remains an outstanding balance on the Investment, save to the extent that this will be released by RiverFort to facilitate project finance on a secured basis.
- RiverFort will have the right to convert the outstanding balance on the Investment to Preference Shares in Pyebridge once it exceeds £1million of outstanding balance pursuant to the Investment. The conversion into Preference Shares will represent 12.5% of the issued share capital (on a fully diluted basis). This can be increased up to 20% of the issued share capital (on a fully diluted basis) by the conversion of outstanding balances during the term of the Investment up to £2,000,000 ("Equity Rights"). The Equity Rights will:
 - Provide a preferential return on all income or capital distributions with 12.5% representing 50% of all distributions with the balance due to the ordinary shares in Pyebridge, such percentage increasing with further investment and transformation into Preference Shares;
 - Provide a preferential return on capital risk representing the value of the Investment converted into the Equity Rights prior to distribution to the shareholders of Pyebridge;
 - Provide a right to appoint up to 2 directors and an observer to the board of Pyebridge;
 - Include veto and consent rights customary with an investment of the nature of the Investment (including approval of any material disposals or investments by Pyebridge); and
 - Not include any fixed returns, coupons or other guaranteed returns.
- MED and RiverFort have agreed on an allocation budget for drawdown funds and will cooperate on restructuring the liabilities of MED and Pyebridge to ensure the on-going viability of the MED Group by reducing short term creditors.

New Capacity Market Contracts

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

Termination of Proventure JVA

MED announces further to its previous RNS dated 8 January 2024, due to Proventure failing to remedy its material breach of the JVA, and considering the exhaustive correspondence and process by MED to accommodate and work around the persistent and continuing delays by Proventure to fulfil its overdue obligations under the JVA, after due and careful consideration the MED Board has decided to terminate the JVA with Proventure with immediate effect. MED will now consider pursuing its available options for legal recourse against Proventure, its CEO, Mr. Srinivas Kona and other directors.

In consideration for MED previously granting an extension in respect of the Interim Payment deadline, as set out in our announcement dated 13 November 2023, Proventure has incurred a default payment of £3,000 per calendar day that the Interim Payment remained unpaid, calculated from the initial default date of 11 November 2023, until such time as it is received by MED, in addition to liquidated damages of 0.25% of the total investment balance due, plus any additional costs and expenses incurred by MED in respect of the JV projects, all of which are now due and payable by Proventure to MED. Under the terms of the JVA, in addition to the foregoing payments, upon termination of the JVA, Proventure shall pay to MED any reasonable costs and expenses incurred by MED in connection with the JVA. All of the foregoing payments exclude MED's right to claim further damages from Proventure as a result of its material breach of the JVA and potential misrepresentation by Proventure and its directors.

In conjunction with the above, MED will now also consider pursuing its available options for legal recourse against the initial JV lead-investor, Seira Capital and its directors, as previously announced in the RNS dated 22 September 2023.

independent of the investor, joint sponsor and its directors, as previously announced in the RNS dated 22 September 2023.

Further, the Arrangement Fee with Mr. Ajay Saldanha, in relation to the introduction, arrangement and consulting fees with regards to the JV transaction that was due and payable upon completion of JV transaction, as previously announced in the RNS dated 12 July 2023, will no longer be applicable.

Pieter Krügel, MED CEO, commented *"The MED board is delighted to have concluded the new funding agreement with RiverFort and we welcome such a key institutional investor as a strategic funding partner to MED. We believe that this new funding agreement will fast-track MED's growth plans and unlock value for our shareholders.*

"We are excited about the progress and developments that will result from this new funding agreement, and look forward to updating our shareholders and the market accordingly in due course."

ENDS

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.

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

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