

28 November 2022

Mustang Energy PLC

(" MUST " or the " Company ")

Acquisition of additional interest in VRFB Holdings Limited

MUST is pleased to announce that it has entered into a conditional agreement with Bushveld Energy Limited ("BEL") to acquire its 50.5 per cent. interest ("Acquisition (Stage 3)") in VRFB Holdings Limited ("VRFB-H"). On 26 April 2021, MUST conditionally acquired a 22.1 per cent. interest in VRFB-H ("Acquisition (Stage 1)"). On 3 August 2022, MUST advised that it had conditionally acquired Acacia Resources Limited's ("Acacia") 27.4 per cent. interest ("Acquisition (Stage 2)") in VRFB-H. Subject to the completion of certain conditions, completion of the Acquisition (Stage 1), Acquisition (Stage 2) and Acquisition (Stage 3) (together, the "Acquisition") will result in MUST having an aggregate interest in VRFB-H of 100 per cent., resulting in VRFB-H becoming a wholly-owned subsidiary of MUST.

BEL is the 84 per cent. owned subsidiary of AIM-quoted Bushveld Minerals Limited ("BMN") . Neither BMN nor BEL currently hold any ordinary shares in the capital of MUST ("Ordinary Shares"). However, BMN holds an aggregate principal amount of US\$2.75 million of the Company's US\$6.75 million 10 per cent. and US\$1.25 million 10 per cent. unsecured convertible loan notes issued in April 2021 (the "2021 CLNs") and October 2022 (the "2022 CLNs") respectively (together, the "CLNs"). Acacia currently holds a 24.04 per cent. interest in MUST and holds a principal amount of US\$2.3 million of the CLNs.

The consideration for the Acquisition (Stage 3) is US\$19,441,633 to be converted to GBP :£ using an exchange rate of GBP£1.00/US\$1.225 and to be satisfied by the proposed issue of 79,353,604 new Ordinary Shares issued at 20 pence each (the "Stage 3 Consideration Shares").

The Stage 3 Consideration Shares proposed to be issued to BEL on completion of the Acquisition (Stage 3), when aggregated with the shares proposed to be issued to BMN as a result of the conversion of the US\$2.75 million principal amount of CLNs held by BMN (together with accrued interest thereon) and the exercise of warrants held by BMN (assuming that such options and warrants are converted in full into Ordinary Shares), will mean that BMN will hold in excess of 50% of the enlarged issued capital of the Company. Given this, the allotment and issue of the Stage 3 Consideration Shares is conditional on the Company obtaining a waiver from The Takeover Panel (the "Panel") which is subsequently approved by the Company's independent shareholders at a general meeting.

As announced on 3 August 2022, the consideration for the Acquisition (Stage 2) is US \$10,548,945 to be converted to GBP:£ using an exchange rate of GBP£1.00/US\$1.225 and to be satisfied by the proposed issue of 43,056,989 new Ordinary Shares issued at 20 pence each (the "Stage 2 Consideration Shares").

The Stage 2 Consideration Shares proposed to be issued to Acacia on completion of the Acquisition (Stage 2), combined with Acacia's existing shareholding in the Company, the shares proposed to be issued as a result of the conversion of the US\$2.3 million principal amount of CLNs held by Acacia (together with accrued interest thereon) and the exercise of certain options and warrants held by Acacia (assuming that such options and warrants are converted in full into Ordinary Shares), will mean that Acacia will hold in excess of 30% of the issued capital of the Company. Given this, the allotment and

issue of the Stage 2 Consideration Shares is conditional on the Company obtaining a waiver from The Panel which is subsequently approved by the Company's independent shareholders at a general meeting.

The Acquisition is conditional, amongst other things, on:

1. The publication of a prospectus by the Company, having been approved by the Financial Conduct Authority, and readmission of the Company's enlarged issued share capital to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities ("Readmission").
2. The Company having obtained the relevant authorities (if any) to allot its shares (and waive any applicable rights of pre-emption) as consideration in relation to the Acquisition (the "Consideration Shares").
3. The issue of the Consideration Shares having been approved by the Company's independent shareholders in accordance with The City Code on Takeovers and Mergers (the "Takeover Code"), and The Panel having waived any obligation on BMN, BEL and/or Acacia to make a general offer under Rule 9 of the Takeover Code.

Should the approval and waiver of the Panel and/or the approval of the Company's independent shareholders not be obtained, but all other applicable conditions be satisfied, the Company will have a call option and put option respectively with Acacia and BEL, exercisable over 12 months from the date of Readmission, to require the other to sell or buy respectively an additional interest in VRFB-H in return for the issue to Acacia and BEL of new Ordinary Shares on the same terms as the Acquisition (Stage 2) and Acquisition (Stage 3), provided that the new shares issued to Acacia and BEL, together with any others they hold, do not represent more than 29.9% of the Company's voting shares.

As part of the overall transaction and assuming the Acquisition is declared unconditional in all respects, BMN and BEL, acting together, will have the right to appoint two non-executive directors to the board of the enlarged group and have agreed to enter into a relationship agreement and a lock-in agreement. Further details of these agreements will be set out in the Company's forthcoming prospectus.

Extension of CLNs Maturity Date

As announced on 31 August 2022, a condition of the 2021 CLNs is that if Readmission had not occurred by 28 October 2022 (or such later date as agreed between the Company and the 2021 CLN holders (the "2021 Noteholders")) (the "Maturity Date"), the Company has the right to require BMN, in return for the Company transferring to BEL all its shares in VRFB-H (or such number of shares as the Company would be required to transfer to BEL pursuant to the investment agreement entered into between them and the other parties in April 2021 (the "Investment Agreement")) ("VRFB-H Shares"), to issue to each 2021 Noteholder such number of new ordinary shares in BMN (at a price equal to the 20 day volume weighted average price of a new BMN ordinary share prior to the date of issue) ("BMN Shares") as is equivalent to the principal amount of each 2021 Noteholder's CLNs together with all accrued and unpaid interest thereon (the "Backstop").

As announced on 10 October 2022, a 2021 Noteholder (the "Redeeming Noteholder") with 2021 CLNs of a principal amount of US\$1.25 million (and accrued and unpaid interest thereon) notified the Company that it wished to effect the Backstop in respect of its 2021 CLNs (the "Backstop CLNs"). As announced by BMN on 13 September 2022, BMN allotted BMN Shares to the Redeeming Noteholder in settlement of the Backstop CLNs. On satisfaction of the Backstop in relation to the Backstop CLNs and pursuant to the terms of the instrument governing the 2021 CLNs (the "2021 CLN Instrument"), the Backstop CLNs were cancelled and are not capable of being reissued. Therefore, the outstanding principal amount of the 2021 CLNs was reduced to US\$6.75 million.

To obviate the requirement of the Company to transfer a pro-rata amount of its VRFB-H Shares as a result of the cancellation of the Backstop CLNs, in accordance with the terms of the Investment Agreement and 2021 CLN Instrument, BMN subscribed for convertible loan notes issued by the Company in October 2022 with a principal amount of US\$1.25 million (and accrued and unpaid interest thereon amounting to approximately US\$181,000 (the "Accrued Interest")) bearing 10% interest per annum (the "2022 CLNs"). BMN now holds a total principal amount of US\$2.75 million CLNs (and accrued and unpaid interest thereon together with the Accrued Interest).

The 2021 Noteholders and BMN (as the holders of the 2021 CLNs and the 2022 CLNs respectively) and the parties to the Investment Agreement have agreed to extend the Maturity Date until 31 March 2023 (the "Extended Maturity Date") to allow for the finalisation of a prospectus and review process of that prospectus by the Financial Conduct Authority in connection with Readmission, a process that is well underway. The Noteholders, BMN and the Company have also agreed to: (a) amend the conversion price, being the price at which the 2021 CLNs and the 2022 CLNs are to be converted into Ordinary Shares at the time of Readmission, from £0.18 to £0.17; and (b) settle all accrued and unpaid interest on the 2021 CLNs and 2022 CLNs (together with the Accrued Interest in respect of the 2022 CLNs) up to (and including) the Extended Maturity Date regardless of Readmission occurring prior to such date. The Company has elected to settle the accrued and unpaid interest by the issue of Ordinary Shares.

About VRFB-H

VRFB-H is a 50 per cent. shareholder in Enerox Holdings Limited ("EHL"). EHL is a special purpose vehicle which holds the entire issued share capital of Enerox GmbH ("Enerox"), an Austrian-based vanadium redox flow battery ("vrfb") manufacturer. Enerox has invested more than 20 years of research and development into its energy storage system which is branded under the name CellCube. Its vanadium-based technology is known to be state-of-the-art in the battery market and has already deployed or is currently deploying more than 130 systems / 43 MWh across 5 continents. In the preceding 12 months Enerox has announced 5 new orders for 34 MWh, which includes a 16 MWh battery to an Australian based renewable project developer - Enerox's largest battery order to date.

CellCube designs and delivers sustainable and cost-effective energy storage solutions for microgrid and grid scale-applications. The CellCube brand is a leader in an energy storage eco-system and has developed a reputation for client service, system reliability and technical innovation. It has a stack and system production capacity. It is focused on large commercial projects using the new generation FB 500-2000 technology.

Dean Gallegos, the Managing Director of Mustang Energy, said: "*The opportunity to take 100% of VRFB-H and increase Mustang's interest in Enerox to 50% represents an exciting opportunity for our stakeholders, thanks to Enerox's research and development initiatives in the energy storage sector, and its state-of-the-art vanadium-based technology. CellCube is a market leader in the vanadium-based energy storage sector, a sector which is increasingly being recognised as a critical component of global efforts towards net zero emissions.*"

"*We are delighted to have reached this agreement with BEL and look forward to working with them and our other stakeholders to conclude an RTO which we believe will be value-enhancing for our stakeholders to participate in and have exposure to a much-needed solution within the green energy field. The board continues to explore further investments in the energy storage value chain and renewable energy projects development space in line with its articulated strategy.*"

ENQUIRIES

For further information, please visit www.mustangplc.com, follow us on Twitter [@Mustang_Plc](https://twitter.com/Mustang_Plc), or contact:

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