

Company Registration No. 11155663 (England and Wales)

MUSTANG ENERGY PLC
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

MUSTANG ENERGY PLC

COMPANY INFORMATION

Directors	D L Gallegos A J Broome P V Wale S W Holden
Secretary	D L Gallegos
Company number	11155663
Registered office	48 Chancery Lane c/o Keystone Law London WC2A 1JF

MUSTANG ENERGY PLC

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MUSTANG ENERGY PLC

INTERIM MANAGEMENT REPORT

FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

Dear Fellow Shareholders

The Company was formed to undertake an acquisition of a target company or business or asset(s) with operations in the energy or natural resources sectors.

As you are aware the Company's shares began trading on the standard list of the London Stock Exchange on the 29 July 2019. Even though the Company has only been funded for a very short period of time we have been active in executing the Company's objectives as outlined in the Company's prospectus.

The directors believe that their network and profile following admission mean that the Company will be able to target an acquisition where the target company or business or asset(s) has a transaction value of between £2 million and £50 million.

The Company's determinations in identifying a prospective target company or business or asset(s) in the energy or natural resources sectors will not be limited to a specific geographic region, stage of development from exploration through to production. However, it is the Company's preference that the target is generating cashflow or has the capability of generating cash flow within 12-18 months of acquisition.

Since admission to the London Stock Exchange the Company has been actively seeking suitable acquisition opportunities and has seen good deal flow. The Company has commenced due diligence on a number of assets located in the USA, all of these assets are already in production and have development upside.

The due diligence process for each of these assets is in the early stages and there can be no guarantee that the assets will fulfil the Company's requirements and if they do fulfil these requirements that the Company can attract the required funding to be able to successfully complete an acquisition.

The Company will remain diligent in minimising its overheads. The Company does not rent an office space and is not paying any remuneration to its directors until an acquisition is successfully completed.

I look forward to communicating with you further once a suitable acquisition has been identified and secured by the Company.



.....
A J Broome
Chairman

MUSTANG ENERGY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

The directors are responsible for preparing the interim report in accordance with applicable law and regulations. The directors confirm that the condensed interim financial information has been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as adopted by the European Union.

The interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 R and 4.2.8 R, namely:

- the interim condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the issuer as required by DTR 4.2.4R; and
- an indication of important events that have occurred during the six months ended 31 July 2019 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- material related-party transactions during the six months ended 31 July 2019 and any material changes in the related-party transactions described in the Annual report and accounts 2019.

The directors of the company are listed in the interim condensed financial statements.

The directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information.

The interim condensed financial statements have been prepared on a going concern basis.

The interim report was approved by the Board of Directors and authorised for issue on 30th October 2019 and signed on its behalf by:



.....
D L Gallegos

Director

Date: 30th October 2019

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

		Period ended 31 July 2019 (unaudited) £	Period ended 31 July 2018 (unaudited) £
Administrative expenses		(142,827)	(58,788)
Operating loss		<u>(142,827)</u>	<u>(58,788)</u>
Income tax expense		-	-
Loss and total comprehensive income		<u><u>(142,827)</u></u>	<u><u>(58,788)</u></u>
Loss per share	3		
Basic		(0.20)	(14,697)
Diluted		(0.20)	(14,697)

The income statement has been prepared on the basis that all operations are continuing operations.

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CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2019

	Notes	31 July 2019 (unaudited) £	31 January 2019 (unaudited) £
Non-current assets			
Property, plant and equipment		711	902
Current assets			
Trade and other receivables	4	390,202	13,260
Cash and cash equivalents		275,281	-
		665,483	13,260
Total assets		666,194	14,162
Current liabilities			
Trade and other payables		37,469	88,310
Net current assets/(liabilities)		628,014	(75,050)
Total liabilities		37,469	88,310
Net assets/(liabilities)		628,725	(74,148)
Equity			
Called up share capital	6	84,000	-
Share premium account	7	675,000	-
Share based payment reserve		86,700	-
Retained earnings		(216,975)	(74,148)
Total equity		628,725	(74,148)

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

	Notes	Share capital £	Share premium account £	Share based payment reserve £	Retained earnings £	Total £
Balance at 17 January 2018		-	-	-	-	-
Loss and total comprehensive income for the period		-	-	-	(58,788)	(58,788)
Balance at 31 July 2018 (unaudited)		-	-	-	(58,788)	(58,788)
Loss and total comprehensive income for the period		-	-	-	(15,360)	(15,360)
Balance at 31 January 2019 (unaudited)		-	-	-	(74,148)	(74,148)
Loss and total comprehensive income for the period		-	-	-	(142,827)	(142,827)
Issue of share capital - paid	6	37,500	337,500	-	-	375,000
Issue of share capital - unpaid		46,500	337,500	-	-	384,000
Share based payment		-	-	86,700	-	86,700
Balance at 31 July 2019 (unaudited)		84,000	675,000	86,700	(216,975)	628,725

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CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

	Notes	31 July 2019 (unaudited) £	£	31 July 2018 (unaudited) £	£
Cash flows used in operating activities					
Cash (used in)/generated from operations	11		(20)		1,160
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(20)		1,160
Investing activities					
Purchase of property, plant and equipment		-		(1,160)	
		<hr/>		<hr/>	
Net cash used in investing activities			-		(1,160)
Financing activities					
Proceeds from issue of shares		275,301		-	
		<hr/>		<hr/>	
Net cash generated from/(used in) financing activities			275,301		-
			<hr/>		<hr/>
Net increase in cash and cash equivalents			275,281		-
Cash and cash equivalents at beginning of year			-		-
			<hr/>		<hr/>
Cash and cash equivalents at end of year			275,281		-
			<hr/> <hr/>		<hr/> <hr/>

MUSTANG ENERGY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

1 Notes to the interim financial statements

General information

Mustang Energy PLC (the "Company") is a Public Limited Company incorporated and domiciled in England and Wales. The interim condensed financial statements for the six months ended 31 July 2019. The address of the Company's registered office is 48 Chancery Lane, c/o Keystone Law, London, WC2A 1JF. The interim condensed financial statements of the Company were authorised for issue in accordance with a resolution of the Directors on 30 October 2019.

These interim condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The unaudited statutory accounts for the period ended 31 January 2019 have been delivered to the Registrar of Companies in England and Wales and are publicly available on the Company's website: www.mustangplc.com. The interim condensed financial statements have been prepared on a going concern basis.

1.1 Accounting convention

The Interim Financial Statements are for the six months ended 31 July 2019 and have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements for the period ended 31 January 2019.

The financial statements have been prepared under the historical cost convention.

1.2 Accounting policies, critical estimates and judgements

The accounting policies, methods of computation, critical estimates and judgements followed in the interim financial statements are in accordance with those followed in preparing the financial statements for the period ended 31 January 2019.

Accounting policies adopted since the preparation of the financial statements for the period ended 31 January 2019 are as follows:

1.3 Financial instruments

The Company adopted IFRS 9 on 1 January 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting, a new impairment model for financial assets and early recognition of expected credit losses.

Under IFRS 9, the assessment of impairment of financial assets is based on an 'expected credit loss' model. It is required to consider historic, current and forward-looking information (including macro-economic data). This will result in the earlier recognition of credit losses.

The classification and measurement of financial liabilities are not affected by the adoption of IFRS 9.

1.4 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these interim condensed financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

IFRS 16 Leases

* Not yet endorsed for use in the EU.

The Directors are currently assessing the impact of these standards and interpretations on the financial statements. It is not anticipated that adoption of these standards and interpretations will have a material impact on the current financial position and performance of the Company.

3 Loss per share	31 July 2019 £	31 July 2018 £
Number of shares		
Weighted average number of Ordinary shares for basic loss per share	706,081	4
	<u>706,081</u>	<u>4</u>
Weighted average number of Ordinary shares for diluted loss per share	706,081	4
	<u>706,081</u>	<u>4</u>
Loss		
Continuing operations		
Loss for the period from continued operations	(142,827)	(58,788)
	<u>(142,827)</u>	<u>(58,788)</u>
Loss for basic and diluted loss per share being net loss attributable to equity shareholders of the company for continued operations	(142,827)	(58,788)
	<u>(142,827)</u>	<u>(58,788)</u>
Loss per share for continuing operations		
Basic loss per share	(0.20)	(14,697)
Diluted loss per share	(0.20)	(14,697)
4 Trade and other receivables		
	31 July 2019 £	31 January 2019 £
Unpaid share capital	383,699	-
Other receivables	-	11,260
VAT recoverable	6,503	2,000
	<u>390,202</u>	<u>13,260</u>
	<u>390,202</u>	<u>13,260</u>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

5 Share-based payment transactions

	Number of share warrants/ options	
	31 July 2019	31 July 2018
Granted	1,100,000	-

In July 2019 210,000 Warrants and 900,000 options were granted with an exercise price of 10p each.

Each Warrant entitles the Warrant Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Warrants have not been admitted to trading on the Official List but are freely transferable. The Warrant Holder must exercise the Warrants within a three year period from 29 July 2019. The Warrants can be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board.

The Warrants have been granted to Optiva Securities Limited in consideration for the provision of brokering services to the Company (and other services ancillary to the Admission of shares onto the London Stock Exchange).

On 29 July 2019, the Company granted 900,000 Options to company directors. Each Option entitles the Option Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Options vest when the share price of the Ordinary Shares reaches 15p. The Option Holders must exercise the Options within a five year period from 29 July 2019, subject to the Options having vested.

Black Scholes Model	31 July	31 July
	2019	2019
	Warrants	Options
Share price	£0.10	£0.10
Exercise price	£0.10	£0.10
Expected volatility	120%	120%
Risk-free interest rate	0.68	0.68
Expected life	3 years	5 years
Number of warrants/options granted	210,000	900,000

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

6	Share capital	31 July 2019 £	31 January 2019 £
	Ordinary share capital		
	<i>Issued</i>		
	4 Ordinary shares of 1p each - unpaid	-	-
	899,996 Ordinary shares of 1p each - unpaid	9,000	-
	3,750,000 Ordinary shares of 1p each - paid	37,500	-
	3,750,000 Ordinary shares of 1p each - unpaid	37,500	-
		<hr/>	<hr/>
		84,000	-
		<hr/> <hr/>	<hr/> <hr/>

On 15 July 2019 899,996 Ordinary shares of 1p each were issued at par.

On 17 July 2019 7,500,000 Ordinary shares of 1p each were issued at 10p per share.

Of the 3,750,000 Ordinary shares that were paid for, 2,750,000 shares were settled in cash and 100,000 shares were settled through the capitalisation a director's loan account.

The Ordinary shares have attached to them full voting rights, dividend and capital distribution rights (including on a winding up) but they do not confer any rights of redemption.

7	Share premium account	31 July 2019 £	31 January 2019 £
	At beginning of six month period	-	-
	Issue of new shares - paid	337,500	-
	Issue of new shares - unpaid	337,500	-
		<hr/>	<hr/>
	At end of six month period	675,000	-
		<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2019

8 Related party transactions

At the interim reporting date £10,210 (31 January 2019 - £70,789) was due to D L Gallegos, a director of the company. The amount is interest free and repayable on demand.

9 Events after the reporting date

There have been no material events since the interim reporting date which require disclosure.

10 Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties that could have a material effect on the Company's performance are unchanged from those identified on page 13 of the Annual Report and unaudited financial statements for the period ended 31 January 2019.

11 Cash generated from operations

	31 July 2019 £	31 July 2018 £
Loss for the six month period after tax	(142,827)	(58,788)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	191	-
Equity settled share based payment expense	86,700	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	6,757	(1,266)
Increase in trade and other payables	49,159	61,214
Cash (absorbed by)/generated from operations	<u>(20)</u>	<u>1,160</u>