

3rd August 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 Acacia Resources Limited ("Acacia") to acquire its 27.4 per cent. interest ("Acquisition (Stage 2)") 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)") and, subject to the completion of certain conditions, completion of the Acquisition (Stage 2) concurrent with the Acquisition (Stage 1) will increase MUST's aggregate interest in VRFB-H to 49.5 per cent. Acacia currently holds a 24.04 per cent interest in MUST and holds a principal amount of US\$2.3 million of the Company's US\$8,000,000 10 per cent. unsecured convertible loan notes ("CLNs").

VRFB-H is a 50 per cent. shareholder in Enerox Holding Limited ("EHL"). The 84 per cent. owned subsidiary of AIM-quoted Bushveld Minerals Limited , Bushveld Energy Limited (" BEL"), is VRFB-H's majority shareholder, holding 50.5 per cent. of its issued share capital. 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 more than 130 systems / 23 MWh across 5 continents.

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.

A contractual partnership with Munich Re (Muenchener Rueckversicherungs-Gesellschaft AG) equips CellCube with the option to offer vrfbs with a bankable insurance to guarantee for product and performance accuracy. CellCube's customers may choose this additional asset of a long-term performance warranty from Munich Re for 10 years and have the possibility of a re-certification to prolong the coverage for a further 10 years. This grants a continuous operation level, insures against malfunction, and covers exceeding repair or replacement costs, problems in workmanship as well as

manufacturer's potential insolvency. Given this, sustainable renewable energy storage systems from CellCube have become bankable assets.

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 in the capital of the Company issued at 20 pence each (the "Consideration Shares").

The 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 MUST shares), will mean that Acacia will hold in excess of 50% of the issued capital of the Company. This will mean the Company will need to obtain a waiver from the Panel (as defined and as more fully detailed in paragraph 5 below).

The Acquisition (Stage 2), together with the Acquisition (Stage 1), 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 approval by the Company's shareholders (to the extent required).
3. Acacia having obtained from BEL and/or any other third party as required, a waiver of all rights of pre-emption or any similar rights to acquire, or which otherwise restrict, the transfer of its 27.4 per cent. interest in VRFB-H.
4. 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 Acquisition (Stage 1) and Acquisition (Stage 2).
5. The issue of shares in the capital of the Company pursuant to Acquisition (Stage 2) having been approved by the Company's independent shareholders in accordance with the City Code, and the Panel on Takeovers and Mergers ("Panel") having waived any obligation on Acacia to make a general offer under Rule 9 of the City Code.

Should the approval and waiver in paragraph 5 not be obtained, but the other conditions be satisfied, each of the Company and Acacia will have a call option and put option respectively, 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 of new ordinary shares in the capital of the Company on the same terms as the Acquisition (Stage 2), provided that the new shares issued to Acacia, together with any others they hold, do not represent more than 29.9% of the Company's voting shares.

As part of the transaction, Acacia and the Company 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.

Dean Gallegos, the Managing Director of Mustang Energy, said: *"The opportunity to increase Mustang's interest in Enerox 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 Acacia 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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