

10 October 2022

Mustang Energy PLC

(the "Company")

VRFB-H Investment Update

As announced on 27 April 2021, the Company acquired a 22.1% interest (the "Investment") in VRFB Holdings Limited ("VRFB-H"), a joint venture partner in Enerox Holdings Limited ("EHL"), for a consideration of approximately US\$7.5m pursuant to the terms of an investment agreement (the "Investment Agreement"). The Investment was financed through the issue of US\$8.0m Convertible Loan Notes (the "2021 CLNs") to several investors ("Noteholders") bearing 10% interest per annum pursuant to the terms of a loan note instrument (the "2021 CLN Instrument"), with surplus funds being used to pay costs associated with the Investment and the general working capital requirements of the Company.

A condition of the Investment Agreement and the 2021 CLN Instrument is that if the Company's shares were not readmitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's main market for listed securities ("Readmission") by 31 July 2022, since extended to 28 October 2022 (or such later date as may be agreed between the Company and the Noteholders) (the "Maturity Date"), the Company has the right to require Bushveld Minerals Limited ("BMN"), in consideration of the Company transferring to Bushveld Energy Limited (a 84% owned subsidiary of BMN) ("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) ("VRFB-H Shares"), to issue to each Noteholder such number of new ordinary shares in BMN ("BMN Shares") (at a price equal to the 20 day volume weighted average price of a new BMN Share prior to the date of issue) as is equivalent to the principal amount of each Noteholder's 2021 CLNs together with all accrued and unpaid interest thereon (the "Backstop").

As announced on 2 September 2022, a Noteholder (the "Redeeming Noteholder") with 2021 CLNs of a principal amount of US\$1.25m (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 a result, BMN allotted BMN Shares to the Redeeming Noteholder in settlement of the Backstop CLNs, as announced by BMN on 13 September 2022. On satisfaction of the Backstop in relation to the Backstop CLNs and pursuant to the terms of 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 has been reduced to US\$6.75m.

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 has subscribed for new convertible loan notes issued by the Company with a principal amount of US\$1.25m (including accrued and unpaid interest thereon amounting to approximately US\$181k (the "Accrued Interest")) bearing 10% interest per annum (the "2022 CLNs"). BMN now holds a total principal amount of US\$2.75m CLNs (including accrued and unpaid interest thereon together with the Accrued Interest).

As announced on 3 August 2022, the Company and Acacia Resources Limited ("Acacia") entered into a conditional share exchange agreement (the "SEA") pursuant to which the Company proposes to acquire Acacia's 27.4% shareholding in VRFB-H for a consideration of approximately US\$10.5m to be satisfied by the proposed issue of 43,056,989 new ordinary shares in the capital of the Company ("Ordinary Shares") issued at 20 pence each. Completion of the share exchange pursuant to the SEA, together with the share purchase pursuant to the Investment Agreement, is conditional on the finalisation of a prospectus and a review process of that prospectus by the Financial Conduct Authority in relation to the Company's announced reverse takeover (the "RTO"), a process that has commenced. Assuming successful completion of the RTO, the Company would hold a total equity interest (and concurrent voting rights) in VRFB-H of 49.5%. The balance of 50.5% would be held by BEL.

Acacia currently holds 2,471,600 Ordinary Shares, equating to approximately 24% of the Company's issued share capital, and is the Company's largest shareholder.

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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