

12 April, 2023

Mustang Energy PLC

("MUST" or the "Company")

Acquisition of additional interest in Enerox Holdings Limited

MUST is pleased to announce that it has entered into a conditional agreement with Garnet Commerce Limited ("Garnet") and VRFB Holdings Limited ("VRFB-H") pursuant to which VRFB-H has agreed to acquire Garnet's 50% interest in Enerox Holdings Limited ("EHL"), (the "Garnet Acquisition"). Given the resulting group and ownership structure (as more fully detailed below), the Company will be responsible for paying or procuring the payment of the consideration payable to Garnet on completion of the Garnet Acquisition.

On 26 April 2021, MUST conditionally acquired a 22.1 per cent. interest in VRFB-H ("Acquisition (Stage 1)"). On 3 August 2022, MUST conditionally acquired Acacia Resources Limited's ("Acacia") 27.4 per cent. interest in VRFB-H ("Acquisition (Stage 2)"). On 28 November 2022, MUST conditionally acquired the remaining 50.5% interest in VRFB-H ("Acquisition (Stage 3)") held by Bushveld Energy Limited, an 84% owned subsidiary of AIM-quoted Bushveld Minerals Limited ("BMN"). The Garnet Acquisition is expected to complete contemporaneously with completion of Acquisition (Stage 1), Acquisition (Stage 2) and Acquisition (Stage 3).

Following completion of Acquisition (Stage 1), Acquisition (Stage 2), Acquisition (Stage 3) and the Garnet Acquisition (together, the "EHL Acquisition"), and subject to the completion of certain regulatory approvals (as more fully detailed below), the Company shall own the entire issued share capital of VRFB-H, and VRFB-H would own the entire issued share capital of EHL. EHL owns the entire issued share capital of Enerox GmbH ("Enerox"), the owner of the CellCube brand (see below for further details on CellCube).

Purchase Price

The total consideration payable to Garnet for its shareholding in EHL is US\$33,166,667 ("Purchase Price"). The Purchase Price shall be payable by the Company on behalf of VRFB-H and shall be comprised of:

- a cash payment of a minimum amount of US\$5,000,000 and a maximum amount US\$7,500,000, the final amount to be determined by the quantum of any equity fundraise undertaken by MUST (being the "Fundraise" defined below) at the time of Readmission (as defined below);
- The issue of up to US\$2,500,000 of convertible loan notes (the "Garnet CLNs") by MUST dependent on the quantum of the Fundraise (so that the aggregate amount paid in cash and satisfied by the issue of the Garnet CLNs by MUST to Garnet is not more than US\$7,500,000); and

- the sum of US\$25,666,667, to be converted to Pounds Sterling using an exchange rate of GBP£1.00/US\$1.225 and to be satisfied by the proposed issue of 104,761,905 new ordinary shares in the capital of MUST issued at a price per share of 20 pence (the "Consideration Shares"), credited as fully paid and free from any encumbrances and ranking pari passu in all respects with all other issued ordinary shares.

The Garnet Acquisition is conditional upon, inter alia:

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 issue and allot to Garnet the Consideration Shares and any shares which may become issuable under the Garnet CLNs (the "CLN Shares") (and waive any applicable rights of pre-emption in respect of such shares).
3. If required, the issue of the Consideration Shares and/or the CLN 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 any applicable party to make a general offer under Rule 9 of the Takeover Code.
4. The approval of the Federal Ministry of Labour and Economic Affairs of the Austrian Government regarding the proposed change of control of Enerox. By way of brief background, a Foreign Direct Investment regime was introduced in Austria in 2020, which aims to protect foreign investment into sectors relating to national security or public order (including energy related matters). An application for approval of the transaction has been made and a formal response is expected within the next 30 days.
5. The Company raising a minimum of US\$15.0 million at the time of Readmission.

Convertible Loan Note Issue

MUST will raise up to US\$2,000,000 through the issue of new convertible loan notes to new and existing investors (the "2023 CLNs"). Pursuant to the terms of a loan agreement entered into between the Company and Enerox (the "Enerox Loan"), the proceeds of the 2023 CLNs will be used to provide Enerox with additional funding until Readmission. Acacia and Garnet have agreed to subscribe for US\$500,000 each of the 2023 CLNs.

The terms of the 2023 CLNs are as follows:

Maturity 31 July 2023

Interest 10.0% per annum

Conversion Automatically into new ordinary shares in the capital of the Company on Readmission at the lower of £0.17 per share or a 20% discount to the price per share which is placed with or otherwise subscribed by new and existing investors in connection with the Fundraise (as defined below).

If (i) the full amount of the 2023 CLNs has not been raised by 30 April 2023; (ii) the full amount has been raised, but the Company has not obtained binding commitments of at least US\$15m towards the Fundraise (defined below), nor funded Enerox with another US\$1m until the end of June 2023, in each case by 31 May 2023; or (iii) the Company has not obtained approval of its proposed prospectus in

relation to the Fundraise by the 30 June 2023, Garnet will have an option to terminate the Garnet Acquisition, and upon investing a minimum of US\$3.5m into EHL, take a controlling position in EHL. In such circumstances the Company may still choose to complete the Acquisition (Stage 1), Acquisition (Stage 2) and Acquisition (Stage 3) and continue to Readmission but only with its minority position in EHL which would be approximately 46.4%.

If Readmission does not occur by 31 July 2023, the 2023 CLN Holders will be able to effect backstop arrangements similar to those previously agreed between the Company and BMN (as more fully detailed in the Company's announcements dated 31 August 2022 and 28 November 2022), which would result in the issuance to each 2023 CLN Holder of 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 2023 CLN Holder's CLNs together with all accrued and unpaid interest thereon. In return for BMN issuing the relevant shares to the 2023 CLN Holders, the Company will novate to BMN the benefit of the Enerox Loan.

The Company is in discussions with the holders of the existing US\$8,000,000 convertible loan notes issued by the Company to extend the maturity date of such notes to 31 July 2023 on the same terms as the 2023 CLNs. Under the loan note instrument governing these convertible loan notes, the Company has until 28 April 2023 to finalise this extension. Once agreement has been reached with the existing noteholders, a further announcement will be made.

Fundraise

MUST is proposing to raise a minimum of US\$15,000,000 through the issue of new ordinary shares (the "Fundraise") to new, and potentially existing, investors. The issue price of the new ordinary shares is yet to be finalised but shall be agreed as part of the roadshow the Company proposes to undertake to raise the necessary capital to complete the EHL Acquisition. The proceeds of the Fundraise will be used to pay or procure the payment of the cash consideration to Garnet, provide growth funding to Enerox and provide working capital to the enlarged group.

As part of the overall transaction and assuming the Garnet Acquisition is declared unconditional in all respects, Garnet will have the right to appoint one non-executive director to MUST's board of directors. The Company and Garnet have agreed to enter into a relationship agreement and a lock-in agreement as part of the Readmission process and it has been agreed that such agreements shall contain such terms as shall be customary for a transaction which constitutes a reverse takeover under the FCA's Listing Rules. Further details of these agreements will be set out in the Company's forthcoming prospectus and its announcement relating thereto.

About Enerox

EHL is a special purpose vehicle which holds the entire issued share capital of 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 Enerox is an exciting and welcome opportunity for our stakeholders. The simplified ownership structure will allow our investors to obtain transparent value for the underlying energy storage assets. 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 Garnet and look forward to working with them and our other stakeholders to conclude a reverse takeover 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, or contact:

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