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Mustang Energy PLC
19 January 2022

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Mustang Energy PLC

VRFB-H Investment Update

Mustang Energy PLC (the "Company"), the special purpose acquisition company, provides the following update on its investment in VRFB Holdings Limited ("VRFB-H").

As announced on 27 April 2021, the Company acquired a 22.1% interest in VRFB-H, a joint venture partner in Enerox Holdings Limited ("EHL"), for a consideration of US\$7,524,000 (the "Investment Agreement"). The investment was financed through the issue of US\$8,000,000 Convertible Loan Notes ("CLNs") bearing 10% interest per annum, with surplus funds being used to pay costs associated with the investment and working capital.

Soon after the Investment Agreement was signed and announced, Garnet Commerce Limited, the other joint venture partner in EHL, objected to the Company's investment. In July 2021, a claim form was issued in the High Court of Justice: Business and Property Courts of England and Wales (Chancery Division) by Garnet against VRFB-H and EHL, as more fully detailed in the announcement made by Bushveld Minerals Ltd ("BMN") on 14 July 2021 (the "High Court proceedings"). The matter is scheduled for trial commencing on 19 January 2022.

Whilst the Company is not a party to the High Court proceedings, the ongoing uncertainty precludes the Company from issuing a prospectus, which is a precursor for the Company's shares to be reinstated to trading.

A condition of the CLNs is that if the Company's shares were not reinstated to trading by no later than 31 December 2021 ("Maturity Date"), the Company shall have the right, by serving written notice on BMN within 5 business days thereafter, to require that BMN shall, in return for the Company transferring to Bushveld Energy Limited (a 84% owned subsidiary of BMN) ("BEL") all its shares in VRFB-H ("Backstop") and payment of a 'backstop fee' to BMN, issue to each CLN holder by 28 January 2022, such number of new shares in BMN at a price equal to the 20 day volume weighted average price of a BMN share prior to the date of issue, as is equivalent to the value of each holder's CLNs together with accrued and unpaid interest thereon. BEL holds a 50.5% interest in VRFB-H. Acacia Resources Limited, which has a 24.03% interest in the Company, owns the remaining 27.4% interest of VRFB-H.

The parties to the Investment Agreement, including the Company, have agreed to extend the Maturity Date until the 28 February 2022 to allow some visibility as to the outcome of the High Court proceedings.

Additionally, the Company has agreed with BMN the following:

1. A reduction of the backstop fee from 5.0% to 2.0% of any CLN amount converted to BMN shares as per the provisions of the Investment Agreement. The backstop fee can, at the election of the Company, be satisfied by the issue of Mustang shares at an issue price of 20 pence each. The backstop fee will be reinstated to 5.0% if the Company's shares are relisted and has an interest in VRFB-H.
2. An interest free working capital loan (the "Loan") of US\$220,000 to be used by the Company to fund the additional expenses that arise as a result of the extension of the Maturity Date. If VRFB-H is successful in the High Court proceedings, the Loan is repayable on the earlier of the Company completing a capital raising of £1 million or 31 December 2023. The Loan is not repayable by the Company if VRFB-H is unsuccessful in the High Court proceedings. The Loan can, at the election of the Company, be repaid by the issue of Mustang shares at an issue price of 20 pence each.
3. If the Backstop is triggered and VRFB-H is subsequently successful in the High Court proceedings the Company has been granted a call option to acquire a the VRFB-H shares it transferred to BEL under the Backstop at the same entry price as paid by the Company pursuant to the Investment Agreement. The call option needs to be exercised within one month of finalisation of the High Court proceedings.
4. The Company has granted BMN a put option that can be exercised if the Company does not exercise the call option, to sell the VRFB-H shares the Company transferred to BEL under the Backstop at the same entry price as paid by the Company pursuant to the Investment Agreement. The put option needs to be exercised within one month of the expiry of the call option described above.

The Company notes that Primorus Investments Plc has elected to sell all its CLNs, comprising a principal amount of US\$2,500,000 and accrued and unpaid interest thereon (the "PRIM CLNs"). The purchasers of the PRIM CLNs were comprised of a consortium of other existing CLN holders and BMN.

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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