

Tuesday 27 April, 2021

Mustang Energy PLC

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Acquisition and Suspension of Listing

The Directors of MUST are pleased to inform shareholders that MUST has entered into a legally binding investment agreement with VRFB Holdings Limited ("VRFB-H"), its existing shareholders and Bushveld Minerals Limited ("BMN"), pursuant to which MUST has subscribed for shares constituting a 22.10 per cent. interest in the issued share capital of VRFB-H (the "Acquisition").

VRFB-H is a 50 per cent. shareholder in Enerox Holding Limited ("EHL"). BMN's 84 per cent.-owned energy subsidiary, 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 CellCube energy storage system. 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.

The Acquisition represents the entry by the Company into the high-growth stationary battery market.

Some background details to the Acquisition are as follows:

- As announced by BMN on 1 April 2021, the board of EHL resolved to raise US\$30 million from its shareholders in the form of equity through an issuance of new EHL shares for cash ("EHL Capital Raise").
- The EHL Capital Raise is intended to fund growth capital required to scale up its vrfb production capacity to 30MW (120-240MWh) in annual production capacity by 2022 as its pipeline grows, with additional growth aspirations thereafter.
- MUST has invested approximately US\$7.5 million alongside an investment by BEL of approximately US\$7.7 million for an aggregate sum of approximately US\$15.2 million in support of VRFB-H's funding commitment into EHL of US\$15 million in connection with the EHL Capital Raise. On 31 March 2021, BEL invested US\$5 million of its contribution, with the remaining balance having been paid on 26 April 2021.
- MUST has funded its investment into VRFB-H by the issue of US\$8,000,000 10 per cent. unsecured convertible loan notes ("CLNs") to certain investors ("CLN holders"), including its 24.03% shareholder Acacia, ("MUST Capital Raise"). The CLNs shall be convertible into shares in the capital of the Company, calculated by dividing the nominal value (and accrued interest, if applicable) of the CLNs (using the average US\$/GBP£ closing exchange rate as shown on Bloomberg over the five trading days prior to conversion) by 20 pence ("MUST Conversion Shares"), by no later than 31 December 2021 (such date of conversion being the

"Conversion Date"), following: (a) the approval of its shareholders of the MUST Capital Raise ("Shareholder Approval"); and (b) the publication of a prospectus by MUST and readmission of MUST to listing and trading ("Readmission"); as required given that the Acquisition constitutes a reverse takeover ("RTO") under the Financial Conduct Authority's Listing Rules. The CLNs attract interest at a rate of 10 per cent. per annum, and can be satisfied at the time of conversion in cash or in shares of the capital of the Company (at the election of the Company). The CLN holders will receive warrants to subscribe for new shares in the capital of MUST (one warrant being issued for every two MUST Conversion Shares held), exercisable at a price per share of 30 pence ("Warrants"). The Warrants have an expiry period of three years from the Conversion Date.

- The difference between the principal amount raised by the issue of the CLNs and the MUST Capital Raise will be used to pay fees associated with the MUST Capital Raise and for additional working capital of the Company. The lead investors of the CLNs are Acacia, the Company's largest shareholder, and AIM-quoted investing company Primorus Investments plc (together, the "Lead Investors").
- In circumstances where Readmission does not take place by 31 December 2021, BMN has agreed to issue new ordinary shares in its capital ("BMN Shares") to Noteholders in respect of the principal amount and accrued interest under the CLNs (the "Backstop") in return for MUST: (i) transferring to BEL all of MUST's shares in VRFB-H; and (ii) paying a fee to BMN of an amount equal to 5 per cent. of the MUST Capital Raise (including both principal and interest), to be satisfied by the issue of new ordinary shares in the capital of the Company at a price of 20 pence per share (the "Backstop Fee"). In consideration of BMN providing the Backstop, the Backstop Fee is payable in the event of Readmission not occurring by the aforesaid date or immediately prior to completion of Readmission. Each of the Lead Investors have the sole discretion to elect not to receive BMN Shares and instead receive shares directly in the capital of VRFB-H.

The Directors are pleased to report that the Acquisition will represent an investment in the energy sector, a sector which was contemplated at the time of the Company's original IPO in July 2019.

Suspension and Application for Listing

The Acquisition will constitute a Reverse Takeover under the Listing Rules since it will, amongst other things, result in a fundamental change in the business of the Company.

Accordingly, the Company has requested the suspension of the listing of its shares on the Standard Segment of the Official List, and trading on the Main Market has been suspended with effect from 7:30 a.m. today, pending the publication of a prospectus and the application by the Company to have its enlarged share capital listed on the Standard Segment of the Official List and admitted to trading on the Main Market.

The Company will provide further update on the Acquisition in due course.

Dean Gallegos, the Managing Director of Mustang Energy, said: *"The chance to participate 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. We are delighted to have reached this agreement with the principals involved and look forward to working*

with them 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 will continue to explore further investments in the energy storage value chain and renewable energy projects development space in line with its recently 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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The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Article 11 of The Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310). Upon publication of this announcement, this inside information is now considered to be in the public domain.

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