

RNS Number : 3431Q
Mustang Energy PLC
26 October 2021

Wednesday 27 October 2021

Mustang Energy PLC

Interim Results Half Year to 30 June 2021

Mustang Energy PLC (the "Company"), the special purpose acquisition company, announces its unaudited interim results for the half year ended 30 June 2021.

Copies of this interim report will be made available on the Company's website, www.mustangplc.com

ENQUIRIES

For further information, please visit www.mustangplc.com, follow us on Twitter [@Mustang_Plc](https://twitter.com/Mustang_Plc), or contact:

Mustang Energy PLC

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Interim Management Report

As you are aware the Company's shares began trading on the standard list of the London Stock Exchange on the 29 July 2019 after raising £750,000. The Company has only been active in executing the Company's objectives as outlined in the Company's Prospectus.

The Company's determination in identifying a prospective target company or business or asset(s) in the energy or natural resources sectors will not be limited to a specific geographic region, stage of development from exploration through to production. However, it is the Company's preference that the target is generating cashflow or has the capability of generating cash flow within 12-18 months of acquisition.

In early 2020 the Company had initiated discussions with a number of companies in respect to acquiring non-operated, minority interests in assets located in western Europe. In the first half of 2020 the effects of COVID-19 virus and an oil price war between Saudi Arabia and Russia meant oil prices declined significantly and for a short period of time were negative. It was at that time the Company announced its intention to diversify its search for an acquisition away from purely the energy sector to any sector.

In March 2021 the Company announced a Strategic Alliance and Placing to Acacia Resources Limited ("Acacia"). Acacia was established in 2012 with a current focus on minerals involved in the energy transition process. The principal purposes of the Placing and the Strategic Investment will be for the Company and Acacia:

- To invest together in manufacturing assets involved in the energy transition process with a relative focus on the energy storage/battery value chain; and
- To invest in the development of renewable energy projects where there is scope to include stationary energy storage.

Acacia also acquired existing shares from two shareholders and as a result of the Placing and these purchases became the Company's largest shareholder with 24.03%.

In late April 2021 the Company announced the acquisition of a 22.1% interest in VRFB Limited ("VRFB"). VRFB owns a 50% interest in Enerox Holdings Limited ("EHL") with EHL owning a 100% interest in Enerox GmbH ("Enerox"). Enerox is an Austrian-based vanadium redox flow battery manufacturer. Enerox has invested more than 20 years of research and development into its CellCube energy storage system. Their 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 Directors collectively have an interest of 23.8% in the Company and therefore have a vested interest to ensure the Company's first acquisition is the right one. The Company will remain diligent in minimising its overheads by reducing administration charges wherever possible.

Alan Broome, AM
Chairman

27 October 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the interim report in accordance with applicable law and regulations. The directors confirm that the condensed interim financial information has been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as adopted by the European Union.

The interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 R and 4.2.8 R, namely:

- the interim condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the issuer as required by DTR 4.2.4R; and

- an indication of important events that have occurred during the six months ended 30 June 2020 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the year; and

- material related-party transactions during the six months ended 30 June 2021 and any material changes in the related-party transactions described in the Annual report and accounts 2020.

The directors of the company are listed in the interim condensed financial statements.

The directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information.

The interim condensed financial statements have been prepared on a going concern basis.

The interim report was approved by the Board of Directors and authorised for issue on 27 October 2021 and signed on its behalf by:

Dean Lloyd Gallegos
Director

Date: 27 October 2021

Statement of Comprehensive Income

		Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)
	Note	£	£
Administrative expenses		<u>(134,903)</u>	<u>(94,859)</u>
Operating loss		(134,903)	(94,859)
Interest income		-	-
Loss before taxation		(134,903)	(94,859)
Taxation		-	-
Loss for the period		(134,903)	(94,859)
Other comprehensive income for the period		-	-
Total comprehensive loss or the period attributable to the equity owners		(134,903)	(94,859)
Loss per share from continuing operations attributable to the equity owners			
	3		
Basic loss per share		(0.01)	(0.01)
Diluted loss per share (pence per share)		(0.01)	(0.01)

Statement of Financial Position

As at

As at

		30 June 2020 (unaudited) £	31 December 2020 (audited) £
	Note		
Assets			
<i>Non-current assets</i>			
Property, plant and equipment		-	168
Total non-current assets		-	168
<i>Current assets</i>			
Trade and other receivables	5	26,823	25,085
Cash and cash equivalents		522,656	345,200
Total current assets		549,479	370,285
Total assets		549,479	370,285
Equity and liabilities			
<i>Equity attributable to shareholders</i>			
Share capital	7	102,816	84,000
Share premium	8	823,344	654,000
Share based payments reserve		91,100	91,100
Retained deficit		(636,416)	(501,513)
Total equity		<u>380,844</u>	<u>327,587</u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	6	168,635	42,866
Total liabilities		<u>168,635</u>	<u>42,866</u>
Total equity and liabilities		<u>549,479</u>	<u>370,453</u>

Statement of Changes in Equity

	Share capital £	Share premium account	Share based payments reserve £	Retained deficit £	Total equity £
On 1 January 2020 (audited)	84,000	654,000	27,471	(269,612)	(495,859)
Year ended 31 December 2020					
Total comprehensive loss for the period	-	-	-	(231,901)	(231,901)
Share based payment	-	-	63,629	-	63,629
Balance as at 31 December 2020 (audited)	84,000	654,000	91,100	(501,513)	327,587
Period ended 30 June 2021					
Total comprehensive loss for the period	-	-	-	(134,903)	(134,903)
Issue of share capital	18,816	169,344	-	-	188,160
Balance as at 30 June 2021 (unaudited)	102,816	823,344	91,100	(636,416)	380,844

Statement of Cash Flows

	Note	6 months to 30 June 2021 (unaudited) £	6 months to 30 June 2020 (unaudited) £
Cash absorbed by operations		(10,704)	(112,160)

Cash flow from operating activities

Cash absorbed by operations	11	(10,704)	(112,160)
Cash flow from operating activities		(10,704)	(112,160)
Investing activities			
Purchase of property, plant and equipment		-	-
Net cash used in investing activities		-	-
Financing activities			
Proceeds from issue of shares (net of share issue costs)		188,160	-
Repayment of loans and borrowings		-	-
Proceeds from loans and borrowings		-	-
Net cash generated from financing activities		-	-
Net decrease in cash and cash equivalents		(177,456)	(112,106)
Cash and cash equivalents at beginning of period		345,200	516,557
Cash and cash equivalents at end of period		522,656	404,451

1 Notes to the interim financial statements

General information

Mustang Energy PLC (the "Company") is a Public Limited Company incorporated and domiciled in England and Wales. The interim condensed financial statements for the six months ended 30 June 2020. The address of the Company's registered office is 48 Chancery Lane, c/o Keystone Law, London, WC2A 1JF. The interim condensed financial statements of the Company were authorised for issue in accordance with a resolution of the Directors on 27 October 2021.

These interim condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The audited statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies in England and Wales and are publicly available on the Company's website: www.mustangplc.com. The interim condensed financial statements have been prepared on a going concern basis.

1.1 Accounting convention

The Interim Financial Statements are for the six months ended 30 June 2021 and have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in

annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements for the year ended 31 December 2020.

The financial statements have been prepared under the historical cost convention.

1.2 Accounting policies, critical estimates and judgements

The accounting policies, methods of computation, critical estimates and judgements followed in the interim financial statements are in accordance with those followed in preparing the financial statements for the year ended 31 December 2020.

The following accounting policies were adopted since the preparation of the financial statements for the year ended 31 December 2020:

Non-current investments

Interests in associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

2 Adoption of new and revised standards and changes in accounting policies Standards which are in issue but not yet effective

No new International Financial Reporting Standards (IFRS), amendments or interpretation became effective in the year ended 31 December 2020 which has a material effect on this financial information.

At the date of authorisation of these financial statements, the following Standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

- Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments regarding replacement issues in the context of the IBOR reform
- Amendments to IFRS 16 to provide lessees with an exemption from assessing whether a COVID - 19 related rent concession is a lease modification
- Amendments to the presentation of Financial Statements: Classification of liabilities.
- Amendments to IAS 16 in deducting amounts received from the cost
- Amendments to IAS 37 in assessing whether a contract is onerous

It is not anticipated that adoption of the standards and interpretations listed above will have a material impact on the current financial position and performance of the company.

3 Loss per share

	6 month period ended 30 June 2021 £	6 month period ended 30 June 2020 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	9,330,033	8,400,000
Weighted average number of ordinary shares for diluted earnings per share	10,780,033	9,584,615
Loss		
Loss for the period from continued operations	(134,903)	(94,859)
Loss for basic and diluted earnings per share being net profit attributable to equity shareholders of the company for continued operations	(134,903)	(94,859)

Loss per share for continuing operations

Basic loss per share	(0.01)	(0.01)
Diluted loss per share	(0.01)	(0.01)

The share options and warrants are considered to be anti-dilutive.

4 Fixed asset investments and convertible loan notes

As announced on 27 April 2021 the Company acquired a 22.1% interest in VRFB Holdings Limited (VRFB-H) for a consideration of US\$7,524,000. The investment was financed through the issue of \$8,000,000 Convertible Loan Notes (CLNs) that bear 10% interest per annum, with surplus funds being used to pay costs associated with the investment and working capital. VRFB-H owns a 50% interest in Enerox Holdings Limited (EHL), with a Canadian based private company Garnet Commerce Limited (Garnet) and a Garnet-affiliated entity owning the remaining 50%. EHL owns a 100% interest in Enerox GmbH, a Vanadium Redox Flow Battery manufacturer providing grid scale and micro-grid energy storage solutions and based in Austria.

Soon after making the investment Garnet voiced its objections to the Company's investment in VRFB-H. In mid-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 seeking declarations against VRFB-H concerning alleged breaches by VRFB-H of provisions of the joint venture agreement in relation to EHL, arising from the indirect investment into EHL through VRFB-H by the Company. VRFB-H believes Garnet's claims to have no merit and is robustly defending its position. In addition, VRFB-H issued a counterclaim against Garnet and is seeking declarations against Garnet for material breaches of the joint venture agreement in respect to Garnet's conduct. The matter has been listed for trial on an expedited basis on a date to be fixed for late January 2022. It is unknown when a decision would be handed down.

Whilst the Company is not a party to the above proceeding's they have precluded the Company from issuing a prospectus, which is a precursor for the Company's shares to be reinstated to trading. If the Company's shares are not reinstated to trading by the 31 December 2021 the investment in VRFB-H will, pursuant to the agreements executed with VRFB-H and the CLN holders and described in the Company's 27 April 2021 release, be sold to Bushveld Minerals Limited and the CLNs will be redeemed. Bushveld Energy Limited, a 74% owned subsidiary of Bushveld Minerals Limited, currently owns 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.

In preparing these accounts and given the anticipated timetable of the High Court proceedings in relation to the trial, the Directors anticipate it as likely that the investment will be unwound and as such has not recognised either the investment in VRFB-H or the CLNs in these accounts.

The Company has been in active discussions with the counterparties to the transaction announced on 27 April 2021 and continues to progress the previously articulated strategy of exploring further investments in the energy storage value chain and renewable energy projects development space and how these might facilitate a relisting of the Company's shares.

5 Trade and other receivables

	30 Jun 2021	31 Dec 2020
	£	£
Other receivables	9,100	9,191
VAT recoverable	13,548	8,642
Prepayment	4,175	7,252
	26,823	25,085

Trade and other payables

	30 Jun 2021	31 Dec 2020
	£	£
Trade Payables	9,009	9,116
Accruals	27,211	33,750
Other payables	132,415	-
	168,635	42,866

6 Share Capital

	Period ended 30 June 2021	Year ended 31 December 2020
	£	£
Ordinary Share capital		

Issued

10,281,600 (2020 - 8,400,000) Ordinary shares of 1p each	102,816	84,000
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102,816	84,000
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The Ordinary shares have attached to them full voting rights, dividend and capital distribution rights (including on a winding up) but they do not confer any rights of redemption.

Share premium account

	Year ended 31 December 2020 £	Year ended 31 December 2020 £
At the beginning of period	654,000	654,000
Issue of new shares	169,344	-
Less directly attributable issue costs	-	-
At end of period	823,344	654,000

7 Events after reporting date

There have been no material events since the reporting date that require disclosure.

8 Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties that could have a material effect on the Company's performance are unchanged from those identified in the Annual Report and audited financial statements for the year ended 31 December 2020.

9 Cash generated from operations

	6 month period ended 30 June 2021 £	6 month period ended 30 June 2020 £
Loss for the period after tax	(134,903)	(94,859)

Adjustments for:

Depreciation and impairment of property, plant and equipment	169	191
Equity settled share-based payment expense	-	21,515

Movements in working capital

Increase in trade and other receivables	(1,739)	(7,960)
Increase/(decrease) in trade and other payables	125,769	(30,993)

(10,704) **(112,106)**

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