

Tuesday 29 March 2022

Mustang Energy PLC

VRFB-H Investment Update

As announced on 27 April 2021, the Company acquired a 22.1% interest in VRFB Holdings Limited ("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 announcing completion of the Investment Agreement, Garnet Commerce Limited ("Garnet"), 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"). As advised on 8 March 2022, the High Court proceedings were successfully defended.

Whilst the Company was not a party to the High Court proceedings, the ongoing uncertainty precluded the Company from progressing the process of seeking the readmission of its shares to trading and the issuing of a prospectus in relation to this. Now that the matter has been successfully defended, the Company intends to prepare a prospectus and lodge it as soon as practicable with the Financial Conduct Authority ("FCA").

As announced on 19 January 2022, a condition of the CLNs is that if the Company's shares were not reinstated to trading by no later than 28 February 2022 ("Maturity Date"), the Company had the right, by serving written notice on BMN within 5 business days thereafter, to require that BMN, 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 2.0% 'backstop fee' to BMN, issue to each CLN holder by 28 March 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 31 July 2022 to allow for the preparation of a prospectus and review process of that prospectus by the FCA.

Additionally, it has been agreed to reduce the conversion price of the CLNs into Mustang shares from £0.20 to £0.18.

As announced on 18 March 2022, the Company was notified by Primorus Investments Plc ("Primorus") that it would effect the backstop in respect of its CLNs with a nominal value of US\$1.5 million (and accrued and unpaid interest thereon) (the "Primorus CLNs"). Bushveld has notified the Company that it has elected to purchase the Primorus CLNs the consideration being the issue of a new Bushveld convertible loan note, as such the Company has registered Bushveld as the owner of US\$1.5 million CLN (and accrued and unpaid interest thereon). The Company will pay Bushveld a backstop fee of USD\$32,737.

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

Dean Gallegos, Managing Director

dg@mustangplc.com

+61 416 220 007

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