

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 ("FSMA").

This Document comprises a prospectus relating to Mustang Energy PLC (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the FCA for all of the ordinary shares in the Company (issued and to be issued in connection with the Placing) (the "Ordinary Shares") to be admitted to the Official List of the UK Listing Authority (the "Official List") (by way of a standard listing under Chapter 14 of the listing rules published by the UK Listing Authority under section 73A of FSMA as amended from time to time (the "Listing Rules")) and to the London Stock Exchange plc (the "London Stock Exchange") for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities (together, "Admission"). It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 29 July 2019.

**THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 20 OF THIS DOCUMENT.**

The Directors, whose names appear on page 40, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

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## **MUSTANG ENERGY PLC**

*(Incorporated in England and Wales under company number 11155663)*

**Placing of 7,500,000 New Ordinary Shares of £0.01 each at a Placing Price of £0.10 per New Ordinary Share and admission of the Enlarged Share Capital to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities**

*Broker and Placing Agent*

### **OPTIVA SECURITIES LIMITED**

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Optiva Securities Limited ("Placing Agent") has been appointed by the Company as broker and placing agent in connection with the Placing. The Placing Agent, which is authorised and regulated in the UK by the FCA, is acting exclusively for the Company and no one else in relation to the Placing and Admission. The Placing Agent will not regard any other person (whether or not a recipient of this Document) as its client in relation to the Placing and Admission and will not be responsible to anyone (other than the Company in respect to Admission) for protections afforded to the clients of the Placing Agent or for providing any advice in relation to Admission or the Placing, the contents of this Document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by the Placing Agent for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which it is not responsible. However, nothing in this paragraph excludes or limits any responsibility which the Placing Agent may have under FSMA or the regulatory regime established thereunder, or which, by law or regulation cannot otherwise be limited or excluded.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to,

the registration requirements of the Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940 ("**US Investment Company Act**") pursuant to the exemption provided by section 3(c)(7) thereof, and Investors will not be entitled to the benefits of the US Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Document in or into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Application will be made for the Ordinary Shares to be admitted on the Official List by way of a Standard Listing. A Standard Listing will afford Investors a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.**

**It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules nor to impose sanctions in respect of any failure by the Company to so comply.**

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## **PART I SUMMARY**

*Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A - E (A.1 - E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".*

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### **SECTION A – INTRODUCTIONS AND WARNINGS**

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#### **A.1 Warning to Investors**

This summary should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by any investor.

Where a claim relating to the information contained in this Document is brought before a court, the plaintiff Investor might, under the national legislation of the EEA States, have to bear the costs of translating this Document before legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

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#### **A.2 Consent for intermediaries**

Not applicable; this is not a public offer of securities and consent will not be given by the Company for the use of this Document for subsequent resale or final placement of securities by financial intermediaries.

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### **SECTION B – ISSUER**

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#### **B.1 Legal and commercial name**

The legal and commercial name of the issuer is Mustang Energy PLC.

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## **B.2 Domicile / Legal form / Legislation / Country of incorporation**

The Company was incorporated and registered in England and Wales on 17 January 2018 with company number 11155663 as a public limited company under the Companies Act 2006. It is domiciled and its principal place of business is in the United Kingdom and will become subject to the City Code.

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## **B.3 Current operations / Principal activities and markets**

### ***Introduction***

The Company was incorporated on 17 January 2018. As at the date of this Document, the Company does not have any current operations or principal activities, no products are sold or services performed by the Company, it does not operate or compete in any specific market, and the Company has no subsidiaries.

The Company was formed to undertake an acquisition of a target company or business or asset(s) with operations in the energy or natural resources sectors. The Company does not have any specific acquisition under consideration at present and does not expect to engage in substantive negotiations with any target company or business or asset(s) until after Admission.

The Directors believe that their network and profile following Admission mean that the Company will target an Acquisition where the target company or business or asset(s) has a transaction value of between £2 million and £50 million. The Company expects that any funds not used in connection with an Acquisition will be used for future acquisitions, internal or external growth and expansion, and working capital in relation to the target company or business or asset(s).

Following completion of an Acquisition, the objective of the Company will be to operate the acquired target company or business or asset(s) and implement an operating strategy with a view to generating value for its Shareholders through capital investment, operational improvements as well as potentially through additional complementary acquisitions following an Acquisition. The Company's determinations 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 has the capability of generating cash flow within 12-18 months of acquisition.

An Acquisition, which the Company is targeting to make within a 12 month timeframe from Admission, will be treated as a Reverse Takeover, requiring an application for the Company to have its Ordinary Shares re-admitted to the Official List and to trade on the Main Market for listed securities of the London Stock Exchange or, in the event this is not carried out, the Board currently intends to apply for the Ordinary Shares to be admitted to another stock exchange.

Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed.

The Company has not engaged or retained any agent or other representative to identify or locate any suitable Acquisition, to conduct any research or take any measures, directly or indirectly, to locate or contact a target company or business or asset(s). To date, the Company's efforts have been limited to organisational activities as well as activities related to the Placing and Admission. The Company may subsequently seek to raise further capital for purposes of an Acquisition. The Articles do not contain any restrictions on borrowing and/or leverage limits.

The determination of the Company's post-Acquisition strategy and whether any of the Directors will remain with the combined entity and on what terms, will be made at or prior to the time of an Acquisition.

The Board may consider acquisitions that do not conform with the above criteria.

### ***Business strategy and execution***

The Directors intend to focus on the energy or natural resources sectors given their combined experience in these sectors but will not exclude any company with growth potential in any other sector.

The Directors intend to take an active approach in order to complete an Acquisition and to adhere to the following guidelines:

- **Geographic focus:** The Company intends, but is not required to, seek to acquire a target company or business or asset(s) with operations in the energy or natural resources sectors in any part of the world with: (i) strong underlying fundamentals and clear broad-based growth drivers; (ii) a meaningful population and an identifiable market; (iii) established financial regulatory systems; (iv) stable political structures; and (v) strong or improving governance and anti-corruption ratings.
- **Sector focus:** The Company intends to search initially for acquisition opportunities in the energy or natural resources sectors, but the Company shall not be limited to such sectors. The Directors believe that opportunities exist to create value for Shareholders through a properly executed, acquisition-led strategy in the energy or natural resources industry, however the Directors will consider other industries and sectors where they believe that value may be created for Shareholders.
- **Identifiable routes to value creation:** The Company intends, but is not required to, seek to acquire a company or business or asset(s) in respect of which the Company can: (i) play an active role in the optimisation of strategy and execution; (ii) enhance existing management capabilities through the Directors' proven management skills and depth of experience; (iii) effect operational changes to enhance efficiency and profitability; and (iv) provide capital to support significant, credible, growth initiatives.
- **Management of an Acquisition:** An Acquisition may be made by direct purchase of an interest in a company, partnership or joint venture, or a direct interest in a project, and can be at any stage of development. Following the completion of an Acquisition, the Directors will work in conjunction with the incumbent management team of the target to develop and deliver a strategy for performance improvement and/or strategic and operational enhancements.

The Directors believe that their broad, collective experience, together with their extensive network of contacts, will assist them in identifying, evaluating and funding suitable acquisition opportunities. External advisers and professionals may be engaged as necessary to assist with sourcing and due diligence of prospective acquisition opportunities. The Directors may consider appointing additional directors with relevant experience if the need arises.

### ***Failure to make an Acquisition***

If an Acquisition has not been announced within 18 months of Admission, the Board will recommend to Shareholders that the Company either continue to pursue an Acquisition for a further 12 months from such date or that the Company be wound up (in order to return capital to Shareholders to the extent assets are available). The Board's recommendation will then be put to a Shareholder vote (from which the Directors holding Ordinary Shares will abstain).

#### B.4a Significant trends

Not applicable; the Company has not commenced business. There are no known trends affecting the Company and the industries in which it operates.

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#### B.5 Group structure

Not applicable; the Company is not part of a group.

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#### B.6 Major Shareholders

The Company has been notified of the following holdings which will, as at the date of this Document (or following Admission), represent 3 per cent. or more of the issued share capital or the voting rights of the Company and which is notifiable under English law.

Shareholder	As at the date of this Document		Immediately following the Placing and Admission	
	Number of Ordinary Shares	Percentage of issued shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Dean Lloyd Gallegos	630,000	70.00%	1,630,000	19.40%
The Australian Special Opportunity Fund, LP	Nil	Nil	1,000,000	11.90%
Clive Richards	Nil	Nil	500,000	5.95%
Curtis Burton	Nil	Nil	500,000	5.95%
Group Seventy Three Pty Ltd	Nil	Nil	500,000	5.95%
Shore Capital Limited	Nil	Nil	500,000	5.95%
Peter Wale	90,000	10.00%	340,000	4.05%
Simon Holden	90,000	10.00%	340,000	4.05%
Jonas & Catherine Chow	Nil	Nil	300,000	3.57%
Helen Leighton	Nil	Nil	300,000	3.57%
Adrian Whitaker	Nil	Nil	30,000	3.57%
Alan Broome	90,000	10.00%	140,000	1.67%

All of the Ordinary Shares rank pari passu in all respects.

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## B.7 Selected historical key financial information

The Company was incorporated as a public limited company on 17 January 2018 and the following balance sheet was drawn up as at 31 January 2019. The Company has not yet commenced operations.

### Statement of Financial Position – as at 31 January 2019

The audited statement of financial position of the Company as at 31 January 2019 is stated below:

	<b>Period ended 31 January 2019</b>
	<u>£</u>
<b>Non-current assets</b>	
Property, plant and equipment	902
<b>Current assets</b>	
Trade and other receivables	11,260
VAT	2,000
Total assets	<u>13,260</u>
<b>Total assets</b>	<u>14,162</u>
<b>Current liabilities</b>	
Trade and other payable	<u>(88,310)</u>
Total liabilities	<u>(88,310)</u>
<b>Total assets less current liabilities</b>	<u>(74,148)</u>
<b>Net liabilities</b>	<u><u>(74,148)</u></u>
<b>Equity</b>	
Issued share capital	*
Retained earnings	(74,148)
Equity attributable to equity holders of the parent	<u>(74,148)</u>
Non-controlling interest	-
<b>Total equity</b>	<u><u>(74,148)</u></u>



## Statement of Comprehensive Income

The statement of comprehensive income of the Company for the period from incorporation to 31 January 2019 is stated below:

	<b>Period ended 31 January 2019</b>
	<u>£</u>
<b>Revenue</b>	-
Administrative expenses	(74,148)
	<hr/>
<b>Operating loss and loss on ordinary activities before taxation</b>	(74,148)
Income tax expense	-
	<hr/>
<b>Loss for the period</b>	(74,148)
Other comprehensive income for the period	-
	<hr/>
<b>Total comprehensive loss for the period</b>	(74,148)
Total comprehensive loss attributable to:	
Equity holders of the Company	(74,148)
Non-controlling interests	-
	<hr/>
	(74,148)

## Statement of Changes in Equity

The statement of changes in equity of the Company for period from incorporation to 31 January 2019 is set out below:

	Note	Share capital	Retained earnings	Total
		£	£	£
<b>On incorporation on 17 January 2018</b>		-	-	-
Loss for the period		-	(74,148)	(74,148)
Share capital issued net of issue costs	*	-	-	-
<b>As at 31 January 2019</b>		-	(74,148)	(74,148)

The share capital account records the nominal value of shares issued.

Retained earnings represent accumulated profits less losses and distributions.

## Statement of Cash Flows

The audited cash flow statement of the Company from the date of incorporation to 31 January 2019 is set out below:

	Period ended 31 January 2019 £
<b>Cash flow from operating activities</b>	
Loss for the period	(74,148)
Depreciation charge	258
<b>Operating cash flows before movements in working capital</b>	<u>(73,890)</u>

Increase in trade and other receivables	(13,260)
Increase in trade and other payables	88,310
<b>Net cash inflow from operating activities</b>	<u>75,050</u>
<b>Cash flow from investing operations</b>	
Purchase of property, plant and equipment	1,160
<b>Net cash inflow from investing activities</b>	<u>1,160</u>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at end of period</b>	<u>-</u>

\* On 17 January 2018, the Company was incorporated and 3 Ordinary shares of £0.01 each were issued and fully paid for at par. On 4 June 2018, 1 further Ordinary share was issued and fully paid for at par. 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.

During the period ended 31 January 2019, the Company issued 4 Ordinary Shares for an aggregate cash consideration of £0.04. From its cash reserves, the Company has paid £17,000 on account of Admission fees. The Company also entered into a contract with the Registrar pursuant to which the Registrar's base fees of an annual register maintenance fee on open accounts of £1.60 per shareholder per annum (with a minimum charge of £500 per quarter) will be charged. From 1 February 2019 and in addition to the aforementioned cash payments, the Company has entered into a contract with Optiva (Optiva will charge an annual broker fee of £25,000 to be payable in quarterly instalments in advance). On 15 July 2019, the Company issued 899,996 Ordinary Shares in aggregate to the Directors at £0.0025 each. No other transactions were entered into during this period. No other significant changes to either the Company's financial condition or its operating results have occurred since 31 January 2019.

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#### **B.8 Selected key pro forma financial information**

Not applicable; the Company will not be undertaking any activities that will constitute a significant gross change (as defined by Article 4a (6) of the Prospectus Directive and reproduced at 2.3.1 of the Prospectus Rules).

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#### **B.9 Profit forecast or estimate**

Not applicable; no profit forecast or estimate is made.

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#### **B.10 Qualified audit report**

Not applicable; there are no qualifications in the accountants' report on the historical financial information.

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#### **B.11 Insufficient working capital**

Not applicable; the Company's working capital is sufficient for its present requirements, that is for at least the 12 months from the date of this Document.

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### **SECTION C — SECURITIES OFFERED**

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#### **C.1 Description of the type and the class of the securities being offered**

The securities subject to Admission are Ordinary Shares of £0.01 each. The Ordinary Shares will be registered with ISIN number GB00BJ9MHH56 and SEDOL number BJ9MHH5.

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#### **C.2 Currency of the securities issue**

The Ordinary Shares are denominated in Pounds Sterling.

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#### **C.3 Issued share capital**

As at the date of this Document, 900,000 Ordinary Shares of £0.01 each have been issued of which 4 Ordinary Shares have been issued at par value and 899,996 Ordinary Shares have been part paid at £0.0025 per Ordinary Share.

The issued share capital of the Company on Admission will consist of 8,400,000 Ordinary Shares of £0.01 each, all of which will be fully paid on Admission.

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#### **C.4 Rights attached to the securities**

Each Ordinary Share ranks *pari passu* for voting rights, dividends and return of capital on winding-up.

Every Shareholder present in person, by proxy or by a duly authorised corporate representative at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person, by proxy or by a duly authorised corporate representative shall have one vote for every Ordinary Share of which he is the holder.

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time. All members who are entitled to receive notice under the Articles must be given notice.

Subject to the Companies Act 2006, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act 2006 and the Insolvency Act 1986 (as amended), divide amongst the Shareholders in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall determine.

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#### **C.5 Restrictions on transferability**

Not applicable; all of the Ordinary Shares are freely transferable.

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#### **C.6 Application for admission to trading on a regulated market**

Application will be made for the Ordinary Shares (issued and to be issued) to be admitted to the Official List of the UKLA by means of a Standard Listing and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that unconditional dealings will commence at 8.00 a.m. on 29 July 2019.

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#### **C.7 Dividend policy**

The Company is primarily seeking to achieve capital growth for its Shareholders.

It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated.

The Board does not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date, depending upon the generation of sustainable profits and the Company's financial position, when it becomes commercially prudent to do so.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

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## SECTION D — RISKS

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### D.1 Key information on the key risks that are specific to the issuer or its industry

#### **Business strategy risks**

*No operating history* – The Company was incorporated on 17 January 2018 and has no operating or management history, and no revenues.

*Lack of suitable Acquisition opportunity* – The Company's business strategy is to identify, evaluate and complete suitable Acquisition opportunities in the energy or natural resources sectors. No guarantee can be made by the Directors that such an Acquisition will be made.

*Delay in finding a suitable Acquisition opportunity* – The Company's returns could be significantly lower should there be a delay in identifying a suitable Acquisition. The Directors can give no assurance as to the time it will take to complete any Acquisition, if at all, and no Acquisition will be planned and executed until after Admission. Following Admission, suitable Acquisition opportunities may not be immediately available.

*Shareholder approval may not be sought for Acquisitions or other transactions* – Unless required to do so by any applicable regulation or law, the Board will not in the normal course seek the approval of Shareholders for an Acquisition or transaction unless the Board deem it reasonable in any particular circumstance to do so.

*Reliance on external advisers* – The Directors may expect to rely on external advisers to help identify and assess potential Acquisitions and there is a risk that suitable advisers cannot be placed under contract or that such advisers that are contracted fail to perform as required.

*Failure to obtain additional financing* – There is no guarantee that the Company will be able to implement its business funding plans following an Acquisition or, if available, to obtain such financing on terms attractive to the Company.

*Global supply and demand changes* – such changes due to a potential economic downturn may adversely affect the business, cash flows, results of operations and financial conditions of the Company, following an Acquisition. Global supply and demand affects commodity prices. Widespread trading activities by market participants seeking either to secure access to commodities or to hedge against commercial risks affects commodity prices as well which may impact the Company.

*Currency exchange rate fluctuations* – Such fluctuations may negatively affect the Company. The Placing will raise proceeds denominated in Pounds Sterling. However, the markets for many commodities are often listed in US Dollars.

*The energy and natural resources sectors* – The estimating of reserves and resources is a subjective process and there is significant uncertainty in such estimates. The exploration for and production of energy and natural resources is speculative and involves a high degree of risk. In particular, a company's operations may be disrupted by a variety of risks and hazards which are beyond its control. There is no assurance that exploration will lead to commercial discoveries, or if there is a commercial discovery, that such reserves will be realisable.

*Health and safety concerns* – Health, safety and environmental exposures and related laws and regulations may expose the Company to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation. The energy and natural resources sectors involve extractive and manufacturing enterprises. These endeavours often make the sectors potentially hazardous. The sectors are typically highly regulated by health, safety and environmental laws.

*The Company's relationship with the Directors and conflicts of interest* – The Company is dependent on the Directors to identify potential acquisition opportunities and to execute its business strategy. The loss of the services of any of them could materially adversely affect the Company.

If the Directors do not identify a suitable acquisition target, the Company may not be able to utilise the Net Proceeds to maximise potential returns. If the Directors do identify suitable targets, there can be no guarantee that the Company will be able to acquire them at a price that is consistent with its objectives or at all. In addition, if an acquisition is aborted, the Company may be left with substantial unrecovered transaction costs, potentially including substantial break fees.

Although the Company and the Directors will evaluate the risks inherent in a particular target, they cannot offer any assurance that a proper discovery or assessment of all the significant risk factors can be made.

The Directors will allocate a portion of their time to other businesses leading to the potential for conflicts of interest in their determination as to how much time to devote to the Company's affairs.

The Company may be required to issue additional Ordinary Shares to raise additional funding or remunerate and/or incentivise the Directors, which would dilute existing Shareholders. Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed.

The Directors have each signed a letter of undertaking dated 17 July 2019 addressed to the Company that any acquisition opportunities in the energy or natural resources sector, excluding acquisition opportunities relating to the exploration and/or production of magnetite in North America, and/or the exploration and/or production of nickel sulphide in Western Australia and/or the Northern Territory of Australia, and/or the exploration and/or production of tin, tungsten or copper in South West England, originated by each of them respectively, will be offered to the Company first (individually the “**Undertaking**” and together the “**Undertakings**”). The specific reason for these exclusions is that Mr Broome and Mr Wale are directors of Strategic Minerals plc (AIM: SML) (“**Strategic Minerals**”), which is quoted on AIM and which has operations in these sectors within the stated linked geographical areas. To avoid any conflict with any duties owed to Strategic Minerals by Mr Broome and Mr Wale, these sectors and linked geographical areas have been excluded from any acquisition opportunities that Mr Broome and Mr Wale, as well as Mr Gallegos and Mr Holden will consider for the Company. If the Company declines a particular acquisition opportunity it may then be offered to other entities the Directors are affiliated to. If an Undertaking is breached by a Director, recourse may potentially be taken by Shareholders for such breach. Furthermore, in the event of a breach of an Undertaking, it may also be likely that the Director in question has breached their fiduciary duties as a Director pursuant to the Companies Act 2006. Further grounds for recourse may potentially therefore be available for Shareholders. It would be a commercial decision of the Shareholders as to whether any recourse should be taken in the event of a breach of an Undertaking. It should be noted however that as the Directors are also Shareholders and will be granted Options on Admission (further details of which are set out at paragraph 4 of Part XIII of this Document), they each have a financial stake in the Company which incentivises them to act in the interests of the Company.

The Board has decided that if the Company decides to proceed with an acquisition opportunity, the acquisition opportunity will only be handled by the Director/s whom a potential conflict of interest does not arise in relation to any other entities such Director/s may be affiliated with. Only the non-conflicted Director/s will be involved in the due diligence process and be able to decide if the acquisition opportunity is fit and proper for the Company.

### **D.3 Key information on the key risks that are specific to the securities**

*No share trading history* – On Admission, there is no certainty that the Ordinary Shares will be valued at the Issue Price. It is possible that the price of the Ordinary Shares may fall on any date following Admission.

*Small company and financial risk* – The Company will receive Net Proceeds of approximately £600,000 and will have an estimated market capitalisation on Admission of approximately £840,000. The total expenses incurred (or to be incurred) by the Company in connection with the Placing and Admission are approximately £150,000 and the aggregate market value of the Ordinary Shares on Admission will therefore be £840,000. The Company will be considered a quoted company (as defined in section 385 of the Companies Act 2006) with a relatively small market capitalisation, which may affect its ability to raise funds in the future. Further, the Company will have limited cash resources.

*Risk of suspension* – Should a Reverse Takeover be announced by the Company or knowledge of the same leak into the market then the Ordinary Shares may be suspended. During a period of suspension, Shareholders may be unable to realise the value from their shares. Should the Ordinary Shares remain suspended for a prolonged period, this may adversely affect their value.

*Standard Listing* – Application will be made for Ordinary Shares to be admitted to the Standard Listing segment of the Official List. A Standard Listing will afford Investors a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

*Realisation of returns* – Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they may consider reasonable. Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor, together with the number of Ordinary Shares to be issued pursuant to the Placing, may contribute to infrequent trading in the Ordinary Shares and volatility in the price of the Ordinary Shares.

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## **SECTION E — PLACING**

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### **E.1 Net Proceeds / expenses**

The Net Proceeds are approximately £600,000. The total expenses incurred (or to be incurred) by the Company in connection with the Placing and Admission are approximately £150,000.

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### **E.2a Reasons for the Placing and use of proceeds**

The Company has been formed for the purpose of acquiring a target company or business or asset(s). There is no specific expected target value and the Company expects that any funds not used in connection with an Acquisition will be used for future acquisitions, internal or external growth and expansion, and working capital in relation to the acquired company or business or asset(s). Following Admission, the objective of the Company is to implement its business strategy and complete an Acquisition with a view to generating value for Shareholders.

Prior to completing an Acquisition, the Net Proceeds will be held with the Company's bankers and will be used for general corporate purposes, including paying the expenses of the Placing and Admission, and the Company's ongoing costs and expenses, including Directors' fees, due diligence costs and other costs of sourcing, reviewing and pursuing an Acquisition.



The Company's primary intention is to use the Net Proceeds to enable it to evaluate potential Acquisition targets and to pay professional fees (i.e. legal and financial due diligence) in relation thereto. Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed.

The Board considers that the Net Proceeds should be sufficient to cover both the expenses and any other costs associated with an Acquisition. Consideration for an Acquisition is likely to be funded through the issue of shares to raise cash and directly to the vendors of a target company or business or asset(s).

In the highly likely event that, on completion of an Acquisition, such Acquisition is treated as a Reverse Takeover the Company will be required to seek re-admission of its shares to listing on the Official List and to trading on the London Stock Exchange, or to another appropriate stock exchange.

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### **E.3 Terms and conditions of the Placing**

Each prospective investor in the Company will be offered New Ordinary Shares at the Placing Price of £0.10 per New Ordinary Share.

The Placing Agent has agreed, subject to certain conditions, to use reasonable endeavours to procure Investors to subscribe for New Ordinary Shares to be issued by the Company under the Placing.

The Placing comprises 7,500,000 New Ordinary Shares to be issued by the Company at the Placing Price per share to raise £750,000 (before expenses). The Net Proceeds of the Placing amount to approximately £600,000.

The Placing is conditional on Admission taking place on or around 31 July 2019 (or such later date as the Company may notify Investors), but in any event not later than 30 September 2019.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank pari passu in all respects with all other Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 89.29 per cent. of the Enlarged Share Capital. On Admission, the Company will have a market capitalisation of approximately £840,000, assuming 7,500,000 New Ordinary Shares are issued at the Placing Price. The total expenses incurred (or to be incurred) by the Company in connection with the Placing and Admission are approximately £150,000 and the aggregate market value of the Ordinary Shares on Admission will therefore be £840,000.

The Placing Agent and the Company have received Placing Letters from Investors to subscribe for (and will be allotted) 7,500,000 Ordinary Shares in aggregate at the Placing Price. The Placing Letters are unconditional and may not be withdrawn other than on a failure of the Company to achieve Admission by not later than 30 September 2019.

The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing.

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### **E.4 Material interests**

Not applicable; there are no interests, including conflicting interest, known to the Company which are material to Admission.

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## E.5 Selling Shareholders / Lock-up arrangements

Not applicable; no person or entity is offering to sell the relevant securities.

Each of the Directors has agreed that he shall not, for a period of 12 months from Admission, without the prior written consent of the Company and the Placing Agent, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares he holds, whether directly or indirectly.

In addition, the Directors, holding collectively an aggregate 2,450,000 Ordinary Shares from the date of Admission, have agreed that they will not dispose of such Ordinary Shares other than through the Placing Agent so as to preserve an orderly market save, in each case, in the event of an intervening court order or a takeover becoming or being declared unconditional.

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## E.6 Dilution

Under the Placing, 7,500,000 New Ordinary Shares have been conditionally subscribed for by certain Investors at the Placing Price, representing 89.29 per cent. of the Enlarged Share Capital. The Placing and Admission will result in the Existing Shares being diluted so as to constitute 10.71 per cent. of the Enlarged Share Capital.

Not applicable; there is no subscription offer to existing equity holders.

Furthermore, the number of Optiva Warrants and Options in issue at Admission will be as follows:

Optiva Warrant / Option type	Number of Optiva Warrants / Options	Percentage of Enlarged Share Capital	Exercise price	Exercise period	Vesting Conditions
Optiva Warrants	210,000	2.50%	10p	Admission to the third anniversary of Admission	N/A
Options	900,000	10.71%	10p	Admission to the fifth anniversary of Admission	The Options vest when the share price of the Ordinary Shares reaches 15p

Each Optiva Warrant will entitle Optiva to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Optiva Warrants will not be admitted to trading on the Official List but shall be freely transferable. Optiva must exercise any the Optiva Warrants within a three year period from Admission. The Optiva Warrants may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board.

On Admission, the Company will grant 630,000 Options to Dean Gallegos, 90,000 Options to Alan Broome, 90,000 Options to Peter Wale and 90,000 Options to Simon Holden. Each Option entitles the Option Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Options vest when the share price of the Ordinary Shares reaches 15p. The Option Holders must exercise the Options within a five year period from Admission, subject to the Options having vested.

Should Option Holders choose not to exercise their Options, they would likely face dilution in that their percentage ownership of the Company would fall if other Option Holders choose to exercise their Options.

If an Acquisition is wholly or partly financed with additional Ordinary Shares, existing Shareholders may be diluted.

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**E.7 Expenses charged to Investors**

Not applicable; no expenses will be charged to the Investors.

## PART II

### RISK FACTORS

*Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.*

*Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this Document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Company's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, Investors could lose all or part of their investment.*

#### **RISKS RELATING TO THE COMPANY'S BUSINESS STRATEGY**

***The Company is a recently formed entity with no operating history and has not yet identified any potential target company or business or asset(s) for an Acquisition***

The Company is a recently formed entity with no operating results. The Company lacks an operating history, and therefore Investors have no basis on which to evaluate the Company's ability to achieve its objective of identifying, acquiring and operating a company or business or asset(s). Currently, there are no plans, arrangements or understandings with any prospective target company or business or asset(s) regarding an Acquisition and the Company may acquire a target company or business or asset(s) that does not meet its stated acquisition criteria. The Company will not generate any revenues from operations unless it completes an Acquisition.

Although the Company will seek to evaluate the risks inherent in a particular target company or business or asset(s) (including the industries and geographic regions in which it operates), it cannot offer any assurance that it will make a proper discovery or assessment of all of the significant risks. Furthermore, no assurance may be made that an investment in Ordinary Shares will ultimately prove to be more favourable to Investors than a direct investment, if such opportunity were available, in any target company or business or asset(s). Because the Company does not expect that Shareholder approval will be required in connection with an Acquisition, investors will be relying on the Company's and the Director's ability to identify potential targets, evaluate their merits, conduct or monitor diligence and conduct negotiations.

***There is no assurance that the Company will identify suitable acquisition opportunities in a timely manner or at all which could result in a loss for Investors***

The success of the Company's business strategy is dependent on its ability to identify sufficient suitable acquisition opportunities. The Company cannot estimate how long it will take to identify suitable acquisition opportunities or whether it will be able to identify any such suitable opportunities at all within one year following Admission. If the Company fails to complete an Acquisition (for example, because it has been outbid by a competitor), it may be left with substantial unrecovered transaction costs, potentially including substantial break fees, legal costs and other expenses. Furthermore, even if an agreement is reached relating to a proposed acquisition, the Company may fail to complete such acquisition for reasons beyond its control. Any such event will result in a loss to the Company of the

related costs incurred, which could materially adversely affect subsequent attempts to identify and acquire another target business.

In the event an Acquisition has not been announced within 18 months of Admission, the Board will ask Shareholders to approve to either continue pursuing an Acquisition for a further 12 months or the liquidation and dissolution of the Company and distribution of the remaining assets of the Company to Shareholders. In such circumstances, there can be no assurance as to the particular amount or value of the remaining assets at such future time of any such distribution either as a result of costs from an unsuccessful Acquisition or from other factors, including disputes or legal claims which the Company is required to pay out, the cost of the liquidation and dissolution process, applicable tax liabilities or amounts due to third party creditors. Upon distribution of assets on a liquidation, such costs and expenses will likely result in Investors receiving less than they invested.

***The Company may choose to use Ordinary Shares as consideration for an Acquisition***

The Company may issue Ordinary Shares (and/or cash) as consideration for an Acquisition. There is no guarantee that consideration Ordinary Shares will be an attractive offer for the shareholders of target company or business or asset(s) which the Company identifies as a suitable acquisition opportunity. If the Company fails to identify a target company or business or asset(s) which is willing to accept share consideration, it may have to raise additional cash funds (or, if the circumstances require, use debt financing) and may be left with substantial unrecovered transaction costs, potentially including fees, legal costs, accounting costs, due diligence and other expenses.

***Even if the Company completes an Acquisition, there is no assurance that any improvements to operations will be successful or effective in increasing the valuation of any business acquired***

Following an Acquisition, the Company intends to generate Shareholder value through capital investment, operational improvements, economies of scale and through an acquisition programme. However, there can be no assurance that the Company will be able to propose and implement effective operational improvements for any target company or business or asset(s) which it acquires. Even if the Company completes an Acquisition, general economic and market conditions or other factors outside the Company's control could make its operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of such improvements to deliver the anticipated benefits could have a material adverse effect on the Company's results of operations and financial condition.

***The Company may face significant competition for acquisition opportunities***

There may be significant competition in some or all of the acquisition opportunities that the Company may explore. Such competition may, for example, come from strategic buyers, sovereign wealth funds, special purpose acquisition companies and public or private investment funds many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure Investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an Acquisition or may result in a successful Acquisition being made at a significantly higher price than would otherwise have been the case.

***Any due diligence completed by the Company in connection with an Acquisition may not reveal all relevant considerations or liabilities of the target company or business or asset(s), which could have a material adverse effect on the Company's financial condition or results of operations***

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to any potential acquisition. The objective of the due diligence process will be to identify material issues which might affect the decision to proceed with any one particular acquisition target or the consideration payable for an Acquisition. The Company intends to use information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, any target company or business or asset(s). Whilst conducting due diligence and assessing a potential acquisition, the Company will rely on publicly available information, if any, information provided by the relevant target company to the extent such

company is willing or able to provide such information and, in some circumstances, third party investigations.

There can be no assurance that the due diligence undertaken with respect to a potential acquisition will reveal all relevant facts that may be necessary to evaluate such acquisition including the determination of the price the Company may pay for an acquisition target, or to formulate a business plan. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company will also make subjective judgements regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation fails to correctly identify material issues and liabilities that may be present in a target company or business or asset(s), or if the Company considers such material risks to be commercially acceptable relative to the opportunity, and the Company proceeds with an acquisition, the Company may subsequently incur substantial impairment charges or other losses. In addition, following an acquisition, the Company may be subject to significant previously undisclosed liabilities of the acquired business that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure the acquired company or business or asset(s) in line with the Company's business plan and have a material adverse effect on the Company's financial condition and results of operations.

***If the Company acquires less than either the whole voting control of, or less than the entire equity interest in, a target company or business or asset(s), its decision-making authority to implement its plans may be limited and third party minority shareholders may dispute the Company's strategy***

The Company intends to acquire a controlling interest in a single target company or business or asset(s). Although the Company (or its successor) may acquire the whole voting control of a target company or business or asset(s), it may consider acquiring a controlling interest constituting less than the whole voting control or less than the entire equity interest of that target company or business or asset(s) if such opportunity is attractive or where the Company (or its successor) would acquire sufficient influence to implement its strategy. If the Company acquires either less than the whole voting control of, or less than the entire equity interest in, a target company or business or asset(s), the remaining ownership interest will be held by third parties. Accordingly, the Company's decision-making authority may be limited. Such acquisition may also involve the risk that such third parties may become insolvent or unable or unwilling to fund additional investments in the target company or business or asset(s). Such third parties may also have interests which are inconsistent or conflict with the Company's interests, or they may obstruct the Company's strategy for the target or propose an alternative strategy. Any third party's interests may be contrary to the Company's interests. In addition, disputes among the Company and any such third parties could result in litigation or arbitration. Any of these events could impair the Company's objectives and strategy, which could have a material adverse effect on the continued development or growth of the acquired company or business or asset(s).

***The Company may be unable to complete an Acquisition or to fund the operations of the target company or business or asset(s) if it does not obtain additional funding***

Although the Company has not identified a prospective target company or business or asset(s) and cannot currently predict the amount of additional capital that may be required, once an Acquisition has been made, if the target is not sufficiently cost generative, further funds may need to be raised.

If, following an Acquisition, the Company's cash reserves are insufficient, the Company will likely be required to seek additional equity or debt financing. The Company may not receive sufficient support from Shareholders to raise additional equity, and new equity investors may be unwilling to invest on terms that are favourable to the Company or at all. Lenders may be unwilling to extend debt financing to the Company on attractive terms or at all. To the extent that additional equity or debt financing is necessary to complete an Acquisition and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon an Acquisition, or proceed with an Acquisition on less favourable terms, which may reduce the Company's return on the investment.

Even if additional financing is unnecessary to complete an Acquisition, the Company may subsequently require equity or debt financing to implement operational improvements in the acquired target company or business or asset(s). The failure to secure additional financing or to secure such financing on terms

acceptable to the Company could have a material adverse effect on the continued development or growth of the acquired business.

***An Acquisition may result in adverse tax, regulatory or other consequences for Shareholders which may differ for individual Shareholders depending on their status and residence***

As no acquisition target has yet been identified, it is possible that any acquisition structure determined necessary by the Company to consummate an Acquisition may have adverse tax, regulatory or other consequences for Shareholders which may differ for individual Shareholders depending on their individual status and residence.

***The Company may be unable to hire or retain personnel required to support the Company after an Acquisition***

Following completion of an Acquisition, the Company will evaluate the personnel of the acquired company or business or asset(s) and may determine that it requires increased support to operate and manage the acquired company or business or asset(s) in accordance with the Company's overall business strategy. There can be no assurance that existing personnel of the acquired company or business or asset(s) will be adequate or qualified to carry out the Company's strategy, or that the Company will be able to hire or retain experienced, qualified employees to carry out the Company's strategy.

***The Company will be subject to restrictions in offering Ordinary Shares as consideration for an Acquisition in certain jurisdictions and may have to provide alternative consideration***

The Company may offer Ordinary Shares or other securities as part of the consideration to fund, or in connection with, an Acquisition. However, certain jurisdictions may restrict the Company's use of its Ordinary Shares or other securities for this purpose, which could result in the Company needing to use alternative sources of consideration. Such restrictions may limit the Company's available acquisition opportunities or make a certain acquisition more costly.

If the Company were to implement an Acquisition by way of a takeover offer, subject to the City Code (which, broadly, will apply in connection with an offer for a UK public company) a derogation granted by the Takeover Panel would be required to implement such consideration structure under the City Code. There can be no assurance that the Takeover Panel would grant such a derogation (most particularly where the target has a more than insignificant percentage of US shareholders that are not Qualified Institutional Buyers (as that term is defined by Rule 144A of the US Securities Act of 1933)). This need to comply with the City Code in a takeover offer may adversely impact the Company's ability to implement the most efficient structure for acquiring a target company or business or asset(s) which is subject to the City Code.

***If an Acquisition is completed, the Company will be a holding company whose principal source of operating cash will be income received from the company or business or asset(s) it has acquired***

If an Acquisition is completed, the Company will be dependent on the income generated by the acquired business to meet the Company's expenses and operating cash requirements (if any). The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company, and other factors which may be outside the control of the Company. If the acquired company or business or asset(s) is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

***The Company expects to acquire a controlling interest in a single company or business or asset(s) which will increase the risk of loss associated with underperforming assets***

The Company expects that if an Acquisition is completed, its business risk will be concentrated in a single company or business or asset(s) unless or until any additional acquisitions are made. A consequence of this is that returns, if any, for Shareholders may be adversely affected if growth in the value of the acquired business is not achieved or if value of the acquired business or any of its material assets subsequently are written down. Accordingly, Investors should be aware that the risk of investing in the Company could be greater than investing in an entity which owns or operates a range of

businesses and businesses in a range of sectors. The Company's future performance and ability to achieve positive returns for Shareholders will therefore be solely dependent on the subsequent performance of the acquired business. There can be no assurance that the Company will be able to propose effective operational and restructuring strategies for any company or business or asset(s) which the Company acquires and, to the extent that such strategies are proposed, there can be no assurance they will be implemented effectively.

***The Company may be subject to foreign investment and exchange risks***

The Company's functional and presentational currency is Pounds Sterling. As a result, the Company's consolidated financial statements will carry the Company's assets in Pounds Sterling. Any company or business or asset(s) the Company acquires may denominate its financial information in a currency other than Pounds Sterling, or conduct operations or make sales in currencies other than Pounds Sterling. When consolidating a business that has functional currencies other than Pounds Sterling, the Company will be required to translate the balance sheet and operational results of such business into Pounds Sterling. Changes in exchange rates between Pounds Sterling and other currencies could lead to significant changes in the Company's reported financial results from period to period. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political or regulatory developments. Although the Company may seek to manage its foreign exchange exposure, including by active use of hedging and derivative instruments, there is no assurance that such arrangements will be entered into or available at all times when the Company wishes to use them or that they will be sufficient to cover the risk.

***The Company has not identified any particular geographic regions in which it will seek to acquire a target company or business or asset(s) and may be subject to risks particular to one or more countries in which it ultimately operates, which could negatively impact its operations***

The Company's efforts in identifying a prospective target company or business or asset(s) are not limited to a particular industry or geographic region. The Company may therefore acquire a target company or business or asset(s) in, or with substantial operations in, a number of jurisdictions, any of which may expose it to considerations or risks associated with companies operating in such jurisdictions, including but not limited to: regulatory and political uncertainty; tariffs, trade barriers and regulations related to customs and import/export matters; international tax issues, such as tax law changes and variations in tax laws; cultural and language differences; rules and regulations on currency conversion or corporate withholding taxes on individuals; currency fluctuations and exchange controls; employment regulations; crime, strikes, riots, civil disturbances, terrorist attacks and wars; and deterioration of relevant political relations. Any exposure to such risks could negatively impact the Company's operations.

**RISKS RELATING TO THE ORDINARY SHARES**

***Investors will experience a dilution of their percentage ownership of the Company if the Company decides to offer additional Ordinary Shares in the future***

If the Company decides to offer additional Ordinary Shares in the future, for example, for the purposes of or in connection with an Acquisition or to raise additional funds, this could dilute the interests of Investors and/or have an adverse effect on the market price of the Ordinary Shares.

***A Standard Listing affords Investors a lower level of regulatory protection than a Premium Listing***

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford Investors a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 34 of this Document.



***The Company may be unable to transfer to a Premium Listing or other appropriate listing venue following an Acquisition***

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. Upon completion of an Acquisition, the Directors may seek to transfer from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business or asset(s) it acquires, subject to fulfilling the relevant eligibility criteria at the time. There can be no guarantee that the Company will meet such criteria or that a transfer to a Premium Listing or other appropriate listing venue will be achieved. For example, such eligibility criteria may not be met due to the circumstances and internal control systems of the acquired business or if the Company acquires less than a controlling interest in the target. In addition, there may be a delay, which could be significant, between the completion of an Acquisition and the date upon which the Company is able to seek or achieve a Premium Listing or a listing on another stock exchange.

If the Company does not achieve a Premium Listing or the Directors decide to maintain the Standard Listing, the Company will not be obliged to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing. This would include a period of time after an Acquisition where the Company could be operating a substantial business but would not need to comply with such higher standards should the Company meet the eligibility criteria for re-admission to a Standard Listing following an Acquisition. In addition, an inability to achieve a Premium Listing will prohibit the Company from gaining FTSE indexation and may have an adverse effect on the valuation of the Ordinary Shares. Alternatively, in addition to or in lieu of seeking a Premium Listing, the Company may determine to seek a listing on another stock exchange, which may not have standards of corporate governance comparable to those required by a Premium Listing or which Shareholders may otherwise consider to be less attractive or convenient.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 34 of this Document.

***If the Company proposes to make an Acquisition and the FCA determines that there is insufficient information in the market regarding such Acquisition or the target, the Ordinary Shares may be suspended from listing and may not be readmitted to listing thereafter***

An Acquisition, if one occurs, will be treated as a Reverse Takeover (within the meaning given to that term in the Listing Rules).

Generally, when a Reverse Takeover is announced or leaked, there will be insufficient publicly available information in the market about the proposed transaction and the listed company will be unable to assess accurately its financial position and inform the market appropriately. In this case, the FCA will often consider that suspension of the listing of the listed company's securities will be appropriate. The London Stock Exchange will suspend the trading in the listed company's securities if the listing of such securities has been suspended. However, if the FCA is satisfied that there is sufficient publicly available information about the proposed transaction it may agree with the listed company that a suspension is not required. The FCA will generally be satisfied that a suspension is not required in the following circumstances: (i) the target company is admitted to listing on a regulated market or another exchange where the disclosure requirements in relation to financial information and inside information are not materially different than the disclosure requirements under the Disclosure and Transparency Rules; or (ii) the issuer is able to fill any information gap at the time of announcing the terms of the transaction, including the disclosure of relevant financial information in relation to the target and a description of the target.

If information regarding a significant proposed transaction was to leak to the market, or the Board considered that there were good reasons for announcing the transaction at a time when it was unable to provide the market with sufficient information regarding the impact of the transaction on its financial position, the Ordinary Shares may be suspended. Any such suspension would be likely to continue until sufficient financial information on the transaction was made public. Depending on the nature of the transaction (or proposed transaction) and the stage at which it is leaked or announced, it may take a substantial period of time to compile the relevant information, particularly where the target does not

have financial or other information readily available which is comparable with the information a listed company would be expected to provide under the Disclosure and Transparency Rules and the Listing Rules (for example, where the target business is not itself already subject to a public disclosure regime), and the period during which the Ordinary Shares would be suspended may therefore be significant.

***On completion of a Reverse Takeover, the FCA will seek to cancel the listing of the Ordinary Shares and they may not be readmitted to trading thereafter***

The Listing Rules provide that the FCA will generally seek to cancel the listing of a listed company's securities when it completes a Reverse Takeover. In such circumstances, the Company may seek the re-admission to listing either simultaneously with completion of any such acquisition or as soon thereafter as is possible but there is no guarantee that such re-admission would be granted by the FCA.

A suspension or cancellation of the listing of the Ordinary Shares would materially reduce liquidity in such shares which may affect an Investor's ability to realise some or all of its investment and/or the price at which such Investor can effect such realisation. There is unlikely to be a market for Ordinary Shares where their listing has been cancelled and if a Reverse Takeover were to occur but the Ordinary Shares were not readmitted, the Company would not be able raise any equity or debt financing on the public market, or carry out a further acquisition using listed share consideration, which would restrict its business activities and particularly result in incurring unnecessary costs.

***There is currently no market for the Ordinary Shares, notwithstanding the Company's intention to be admitted to trading on the London Stock Exchange***

There is currently no market for the Ordinary Shares. Therefore, Investors cannot benefit from information about prior market history when making their decision to invest. The price of the Ordinary Shares after the Placing may vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Company's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, no assurance can be given that they will always do so. Further, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

***Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable***

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor, together with the number of Ordinary Shares to be issued pursuant to the Placing, may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

***Dividend payments on the Ordinary Shares are not guaranteed***

It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated. Additionally, the Board does not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date, depending upon the generation of sustainable profits and the Company's financial position, when it becomes commercially prudent to do so. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

## **RISKS RELATING TO THE COMPANY'S RELATIONSHIP WITH THE DIRECTORS AND CONFLICTS OF INTEREST**

***The Company is dependent upon the Directors to identify potential acquisition opportunities and to execute an Acquisition and the loss of the services of the Directors could materially adversely affect it***

The Company will rely heavily on a small number of key individuals, in particular the Directors, to identify potential acquisition opportunities and to execute an Acquisition. The retention of their services cannot be guaranteed. Accordingly, the loss of any such key individual may have a material adverse effect on the Company's ability to identify potential acquisition opportunities and to execute an Acquisition.

In addition, there is a risk that the Company will not be able to recruit executives of sufficient expertise or experience to identify and maximise any opportunity that presents itself, or that recruiting and retaining those executives is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Company's ability to complete an Acquisition.

***The Directors will allocate their time to other businesses leading to potential conflicts of interest in their determination as to how much time to devote to the Company's affairs***

None of the Directors is required to commit their full time or any specified amount of time to the Company's affairs, which could create a conflict of interest when allocating their time between the Company's operations and their other commitments. The Directors are engaged in other business endeavours and are not obligated to devote any specific number of hours to the Company's affairs. If the Directors' other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to the Company's affairs and could have a negative impact on the Company's ability to consummate an Acquisition. In addition, although the Directors must act in the Company's best interests and owe certain fiduciary duties to the Company, they are not necessarily obligated under the law of England and Wales to present business opportunities to the Company. Notwithstanding this, the Directors have each signed an Undertaking which provides that any acquisition opportunities in the energy or natural resources sector excluding acquisition opportunities relating to the exploration and/or production of magnetite in North America, and/or the exploration and/or production of nickel sulphide in Western Australia and/or the Northern Territory of Australia, and/or the exploration and/or development of tin, tungsten or copper in South West England originated by each of them respectively, will be offered first to the Company. Further details of the Undertakings are contained in paragraph 7.1 of "Part VII – The Company's Strategy".

***One or more Director may negotiate employment or consulting agreements with a target company or business or asset(s) in connection with an Acquisition***

The Directors may negotiate to remain with the Company after the completion of an Acquisition on the condition that the target company or business or asset(s) asks the Directors to continue to serve on the board of directors of the combined entity. Such negotiations would take place simultaneously with the negotiation of an Acquisition and could provide for such individuals to receive compensation in the form of cash payments and/or the securities in exchange for services they would render to it after the completion of an Acquisition. The Directors' personal and financial interests may influence their decisions in identifying and selecting a target company or business or asset(s). Although the Company believes the ability of such individuals to negotiate individual agreements will not be a significant determining factor in the decision to proceed with an Acquisition, there is a risk that such individual considerations will give rise to a conflict of interest on the part of the Directors in their decision to proceed with an Acquisition. The determination as to whether any of the Directors will remain with the combined entity and on what terms will be made at or prior to the time of an Acquisition.

***The Directors may in the future enter into related party transactions with the Company, which may give rise to conflicts of interest between the Company and the Directors***

The Directors and one or more of their affiliates may in the future enter into other agreements with the Company that are not currently under contemplation. While the Company will not enter into any related

party transaction without the approval of a majority of non-conflicted Directors, it is possible that entering into such an agreement may raise conflicts of interest between the Company and the Directors.

***Historical results of prior investments made by, or businesses associated with, the Directors and their affiliates may not be indicative of future performance of an investment in the Company***

Investors are directed to the information set out in the biographies of the Directors in "Part VIII — The Company, The Board and Acquisition Structure". The information set out therein is presented for illustrative purposes only and Investors are cautioned that historical results of prior businesses associated with the Directors and their affiliates may not be indicative of the future performance of an investment in the Company or the returns the Company will, or is likely to, generate going forward.

## **RISKS RELATING TO THE ENERGY AND NATURAL RESOURCES SECTORS**

***Global supply and demand changes due to a potential economic downturn may adversely affect the business, cash flows, results of operations and financial condition of the Company***

Global supply and demand affects commodity prices. Widespread trading activities by market participants seeking either to secure access to commodities or to hedge against commercial risks affects commodity prices as well. Changes in commodity prices give rise to commodity price risk for the Company. Commodity prices are subject to substantial fluctuations and cannot be accurately predicted.

In the event of a substantial global economic downturn, and if that downturn depresses the economy for the medium to long term, the Company's ability to grow or sustain revenues in the future years may be adversely affected, and with respect to certain long term price levels for a given commodity, extractive operations may not remain economically feasible.

Disadvantageous economic conditions can also limit the Company's ability to predict revenues and costs which may affect its capability to conduct planned projects anticipated following an Acquisition.

***Governmental instability including political, legal and commercial instability in the countries and territories in which the energy and natural resources sectors operate may affect the viability of the Company's operations after an Acquisition***

After an Acquisition, the Company may operate in regions with varying degrees of commercial, legal and political stability. These jurisdictions will not be limited to a particular geographic region. Regional changes in the political landscape by civil and social pressures could cause regime change, policy reforms or changes in legal or governmental regulations. Any changes may result in expropriation or nationalisation of a target's assets. Nullification or renegotiation concerning pre-existing concessions, agreements, leases and permits held by a target business, changes to economic policies, including but not limited to taxes or royalty rates, or currency restrictions are all possibilities. Regional instability due to corruption, bribery and generally underdeveloped corporate governance polices have the potential to lead to similar consequences. These risks could have a materially adverse effect on the profitability, the ability to finance or, in extreme cases, the viability of an operation.

Moreover, political pressures and fiscal constraints could lead governments to impose higher taxes on operations in the energy or natural resources sectors. These taxes or other types of expropriation of assets could be imposed on the Company by any jurisdiction both before and after an Acquisition. The Company's earnings growth may be constrained by delays or shutdowns as a result of political, commercial or legal instability, and may be constrained if subjected to increased taxation or other expropriation. The ability of the Company to generate long term value of Shareholders could be impacted by these risks.

***The energy and natural resources sectors are subject to fluctuations in commodity prices***

After an Acquisition, the Company may become a market participant as buyer or seller of any one or more commodities. The Company's revenues and earnings may rely on the prices of commodities that it produces, if any. The Company will be unable to control the prices it receives for any commodities it produces. Moreover, following an Acquisition, the range of commodities which the acquired activities may produce might not be sufficiently broad and the acquired activities may be concentrated in one commodity within the resources sector. Consequently, the Company may not be able to offset price

changes in one commodity with counter-cyclical changes in another commodity within the Company's range of commodities to mitigate the effect of the price changes.

Fluctuations in commodity pricing can be affected by many reasons including, but not limited to: weather conditions and natural disasters; regional and economic conditions; global economic conditions; governmental regulations including repatriations, nationalisations, taxes and export restrictions; political, economic and military disruptions in producing regions; availability and pricing of novel technologies; availability, price, and government subsidies for alternate fuels; availability of transportation and processing equipment; geopolitical uncertainty; and global and regional supply and demand and expectations concerning future supply and demand.

It is not possible to accurately forecast future commodities price movements and prices may not remain at current levels. Declines in commodities prices could result in a reduction of the Company's net production revenue.

Moreover, the economics of production within some regions, or the production of certain assets within some regions, may change due to lower commodities prices, which could in turn result in a decrease in the Company's reserves. Additionally, the Company may not be able to meaningfully hedge against declines in commodity prices. Therefore, there can be no guarantee that any such hedging strategies will be implemented or successful. Consequently, the Company may experience volatility in its operations and the results of those operations in its periodic financial statements if commodity prices adversely change during the reported financial period. The aforementioned factors may result in the Company not being able to accurately forecast the exact timing of any improvements or recoveries in the global, regional or national macroeconomic environments or in commodity prices. The aforementioned factors can make the Company's operational strategies for production planning more difficult to successfully institute. For example the prevailing prices of certain commodities may fall to levels that are below the average marginal cost of production for the industry, which the Company will not be able to predict accurately. If the Company's estimates of future price levels results in the Company incurring fixed additional costs and the Company fails to change production levels in response to then-current price levels, the Company's results of operations and financial condition could be adversely affected.

#### ***Currency exchange rate fluctuations may negatively affect the Company after an Acquisition***

The Placing will raise proceeds denominated in Pounds Sterling. However, the markets for commodities are typically listed in US Dollars. The Company does not intend to hedge the Net Proceeds against risks associated with disadvantageous movements in the currency exchange rates until after it has identified an Acquisition target. Therefore, currency exchange rate fluctuations from the closing date of the Placing until the date it hedges the currency exchange rate in connection with an Acquisition may negatively affect the Company. The Company does not intend to enter into such hedging activities until after it has identified an Acquisition.

Additionally, after an Acquisition, the Company may be exposed to ongoing currency risk. While the Company's financial statements are stated in Pounds Sterling, and certain ongoing management costs will be denominated in Pounds Sterling, the price of its products (and thus its revenues) will be determined by world commodities markets which are typically expressed in US Dollars, and depending on the location of an acquired target, the Company may have operating expenses denominated in another currency. Consequently, changes in the exchange rates of these currencies may negatively affect the Company's cash flows, operating results or financial condition to a material extent.

#### ***The Company's cash flows and results of operations may be adversely affected by inflation and other cost increases***

The Company will be unable to control the market prices of any commodities produced in its operations following an Acquisition. The Company may be unable to pass increased production costs to customers. Therefore, significant inflation or other production cost increases in the countries in which the Company may operate could increase operational costs without a corresponding increase in the sales price of the commodities the Company may produce. Moreover, an interruption in the reduction of input costs relative to decreasing commodity prices will have a similar negative impact on the Company's operations. Any such elevated costs or postponements in cost reductions may negatively affect the Company's profitability, cash flows and results of operations.

***Safety, health and environmental exposures and related regulations may expose the Company to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation***

The natural resources sector involves extractive enterprises. These endeavors often make the sector a hazardous industry. The industry is highly regulated by health, safety and environmental laws. The Company's operations following an Acquisition may be subject to these kinds of governmental regulations in any region in which it operates. Operations are subject to general and specific regulations and restrictions governing drilling and production, mining and processing, land tenure and use, environmental requirements (including site specific environmental licences, permits and remediation requirements), workplace health and safety, social impacts and other laws.

The Company's operations may create environmental risks including dust, noise or leakage of polluting substances from its operations. Failing to adequately manage environmental risks or to provide safe working environments could cause harm to the Company's employees or the environment surrounding the operations site. Facilities are subject to closure by governmental authorities and the Company may be subject to fines and penalties, liability to employees and third parties for injury, statutory liability for environmental remediation and other financial consequences, which may be significant. The Company may also suffer impairment of reputation, industrial action or difficulty in recruiting and retaining skilled employees. Subsequent changes in regulations, laws or community expectations that govern the Company's operations could result in increased compliance and remediation costs. Any of the foregoing developments could have a materially adverse effect on the Company's results of operations, cash flows or financial condition.

***Current and pending legislation and regulation concerning greenhouse gas emissions may negatively affect certain of the Company's operations***

Natural resources sector participants are often subject to current and planned legislation concerning the emission of carbon dioxide, methane, nitrous oxide and other greenhouse gases.

Noncompliance with current greenhouse gas laws or any future legislation could negatively affect the Company's profitability following an Acquisition if an acquired business has material greenhouse gas intensive assets. Future legislative actions intended to diminish the use of hydrocarbons could also have an impact on the ability of the Company following an Acquisition to market its commodities and/or the prices which it is able to obtain. These factors could have a materially adverse effect on the Company's business, results of operations, financial condition or prospects.

***The Company's assessment and estimation of the amount of reserves recoverable through an Acquisition may be more than actually recovered***

The Company may estimate or hire third party experts to estimate a target's resources and reserves. These estimations are subject to a number of assumptions, including the price of commodities, production costs and recovery rates. Variations in the market realities underlying the Company's or third party expert's estimates and assumptions may result in material changes to its reserve estimates. Such changes may have a materially adverse impact on the financial condition and prospects of the Company after an Acquisition.

***The Company's inability to discover new reserves, enhance existing reserves or adequately develop new projects could adversely affect the Company's business following an Acquisition***

Exploration and development work is capital intensive, speculative and often unproductive, but may be necessary for the Company's business following an Acquisition. This is particularly the case in the oil & gas and minerals industries, where there may be many reasons why the Company may not be able to find or acquire oil & gas or other commodity reserves or develop them for commercially viable production. For instance, factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the environmental and other conditions in the areas where the reserves are located or through which production is transported may increase costs and make it uneconomical to develop potential reserves. Failure to discover new reserves, to maintain existing mineral rights, to enhance existing reserves or to extract resources from such reserves in sufficient amounts and in a timely manner could materially and adversely affect the Company's results of operations, cash flows, financial condition and prospects. In addition, the

Company may not be able to recover the funds used in any exploration programme to identify new opportunities.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of additional facilities and may adversely affect new drilling or mining projects, the expansion of existing operations and, consequently, the Company's results of operations, cash flows and financial condition, and such effects could be material.

***The Company may be unable to acquire or renew necessary exploration rights and concessions, licenses, permits and other authorisations and/or such rights, concessions, licenses, permits and other authorisations may be suspended, terminated or revoked prior to their expiration***

The acquired company or business or asset(s) may conduct its operations under existing exploration rights and concessions, licenses, permits and other authorisations. Any delay in obtaining or renewing a license, permit or other authorisation may result in a delay in investment or development of a resource and may have a materially adverse effect on the acquired company's or business or asset(s)' results of operations, cash flows and financial condition. In addition, any existing exploration rights and concessions, licences, permits and other authorisations of the acquired business may be suspended, terminated or revoked if it fails to comply with the relevant requirements. If, following an Acquisition, the acquired company or business or asset(s) fails to fulfill the specific terms of any of its rights, concessions, licences, permits and other authorisations or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the right, concession, licence, permit or other authorisation, any of which could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

***Natural disasters may affect operations and have a material impact on the productivity of the operations and may not be covered by insurance***

Natural disasters, including earthquakes, drought, floods, fire, tropical storms and the physical effects of climate change, all of which are outside the Company's control, may adversely affect the Company's operations after an Acquisition. Operating difficulties, such as unexpected geological variations that could result in significant failure, could affect the costs and feasibility of its operations for indeterminate periods. Damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and financial losses. Insurance may provide protection from some, but not all, of the costs that may arise from unforeseen events. Although the Company intends to maintain adequate insurance, such insurance may not cover every possible risk connected with its operations. Adequate insurance at a reasonable cost is not always available. The Company's insurance may not cover its liability or the consequences of any business disruptions such as equipment failure or labour dispute. The occurrence of a significant adverse event not fully covered by insurance may have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***Accessibility of necessary infrastructure services, including transportation and utilities***

Inadequate supply of the critical infrastructure elements for exploration or extraction activity could result in reduced production or sales volumes, which could have a negative effect on the Company's financial performance after an Acquisition. Supply interruptions of essential utility services, like electricity and water, may suspend the Company's production for the duration of the disruption and, when unexpected, may cause loss of life or damage to equipment or facilities, which may in turn affect its capacity to restart operations on a timely basis. Adequate transportation services, such as timely pipeline and port access and rail services, are critical to distributing products and disruptions to such services may affect operations. The Company may be dependent on third party providers of utility and transportation services after an Acquisition. As such, third party provision of services, maintenance of networks and expansion and contingency plans will be outside of the Company's control.

***Managing relationships with local communities, government and non-government organisations***

The public is increasingly concerned about the perceived negative effects of globalisation. Consequently, businesses often face increasing public scrutiny of their operations. Potential targets may have operations in or near communities that may perceive the operation as disadvantageous to their environmental, economic or social circumstances. Negative community reaction to such

operations could have a materially adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could also lead to disputes with national or local governments or with local communities and give rise to material reputational damage. Moreover, an Acquisition may operate in regions where ownership of rights with respect to land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. The inherent unpredictability in these disputes may cause disruption to projects or operations. Natural resources operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local communities, government and non-government organizations may adversely affect the Company's reputation, as well as its ability to commence production projects, which could in turn affect the Company's revenues, results of operations and cash flows.

***Exploration, development and production activities are capital intensive and inherently uncertain in their outcome***

Exploration, development and production activities are capital intensive and inherently uncertain in their outcome. Should the Company acquire or establish operations in the oil & gas industry, the Company's future oil & gas projects may involve unprofitable efforts, due either to dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Furthermore, completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could significantly affect operating costs, and production from successful wells may be adversely affected by conditions including delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or adverse geological conditions. Production delays and declines, whether or not as a result of the foregoing conditions, may result in lower revenue or cash flows from operating activities until such time, if at all, that the delay or decline is cured or arrested. In the event that such cash flows are reduced in the future, the Company may be forced to scale back or delay discretionary capital expenditure resulting in delays to, or the postponement of, the Company's planned production and development activities which could have a material adverse effect on its business, results of operations, financial condition or prospects.

***Offshore exploration, development and production operations are subject to drilling and production risks and hazards***

If the Company acquires or establishes operations in the oil & gas industry, the production and development activities of the Company will involve risks typically related to such activities, including blowouts, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal pressures and environmental hazards such as accidental spills, releases or leakages of petroleum liquids, gas leaks, ruptures or discharges of toxic gas. Offshore operations are also subject to hazards inherent in marine operations, which include damage from severe weather conditions, capsizing or sinking, and damage to pipelines and subsea facilities from fishing nets, anchors and vessels. The occurrence of any of these events could result in production delays or the failure to produce oil & gas in commercial quantities from the affected operations. These events could also lead to environmental damage, injury to persons and loss of life or the destruction of property, any of which could expose the Company and/or its Directors and officers to the risk of litigation and clean-up or other remedial costs. Damages claimed in connection with any consequent litigation and the costs to the Company in defending itself against such litigation are difficult to predict and may be material. In addition, the Company could experience adverse publicity as a result of any such litigation. Any loss of production or adverse legal consequences stemming from production hazards could have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

**RISKS RELATING TO TAXATION**

***Changes in tax law and practice may reduce any net returns for Investors***

The tax treatment of Shareholders, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices in England and Wales or any other relevant jurisdiction. Any change may reduce any net return derived by Investors from a shareholding in the Company.



***There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner***

It is intended that the Company will structure itself, including any company or business or asset(s) acquired in an Acquisition, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

## PART III

### CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Ordinary Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company is required by the UK Listing Authority, and intends, to comply with the Listing Principles set out in Chapter 7 of the Listing Rules (as they apply to the Company), in particular Listing Principles 1 and 2.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Placing and Admission;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that acquisitions will not require Shareholder consent, even if Ordinary Shares are being issued as consideration for the Acquisition;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the non-conflicted Directors;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. Until the Acquisition, the Company will have unlimited authority to purchase Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. Following the Acquisition, the Directors may seek to transfer the Company from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business or asset(s) it acquires (although there can be no guarantee that the Company will fulfil the relevant eligibility criteria at the time and that a transfer to a Premium Listing or other appropriate stock market will be achieved). Alternatively, it may determine to seek re-admission to a Standard Listing, subject to eligibility criteria. If a transfer to a Premium Listing is possible (and there can be no guarantee that it will be) and the Company decides to transfer to a Premium Listing, the various Listing Rules highlighted above as rules with which the Company is not required to comply will become mandatory and the Company will comply with the continuing obligations contained within the Listing Rules (and the Disclosure and Transparency Rules) in the same manner as any other company with a Premium Listing.

**It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.**

## **PART IV**

### **IMPORTANT INFORMATION**

In deciding whether or not to invest in New Ordinary Shares, prospective Investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or the Placing Agent. Without prejudice to the Company's obligations under the FSMA, the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, the Placing Agent, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the Investor. In particular, Investors must read the section headed "Section D – Risks" of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 20 of this Document.

Neither of the Placing Agent nor any person acting on its behalf makes any representations or warranties, express or implied, with respect to the completeness or accuracy of this Document nor does any such person authorise the contents of this Document. No such person accepts any responsibility or liability whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Placing or Admission. The Placing Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Document or any such statement. Neither the Placing Agent nor any person acting on its behalf accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to its attention after the date of this Document, and the distribution of this Document shall not constitute a representation by the Placing Agent or any such person that this Document will be updated, reviewed, revised or that any such information will be published or distributed after the date hereof.

The Placing Agent does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company, and the Directors to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors, that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company, nor the Directors accepts any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, Japan or the Republic of South Africa, or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa.

### **Data protection**

The Company may delegate certain administrative functions in relation to the Company to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, Investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **Selling and transfer restrictions**

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in "Part XIV – Notices to Investors".

### **Investment considerations**

In making an investment decision, prospective Investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Placing, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Prospective Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

**This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Association and Articles of Association of the Company, which Investors should review. A summary of the Articles is contained in paragraph 5 of "Part XIII – Additional Information".**

#### **Forward-looking statements**

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to any acquisitions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to identify suitable acquisition opportunities or the Company's success in completing the Acquisition;
- the Company's ability to ascertain the merits or risks of the operations of a target company or business or asset(s) or other acquisition target;
- the Company's ability to deploy the Net Proceeds on a timely basis;
- the availability and cost of equity or debt capital for future transactions;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used); and

- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective Investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 10 of "Part XIII – Additional Information".

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

### **Market data**

Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Currency presentation**

Unless otherwise indicated, in this Document, all references to "\$" or "**US Dollars**" are to the lawful currency of the US, all references to "£" or "**Pounds Sterling**" are to the lawful currency of the UK, and all references to "€" or "**Euro**" are to the lawful currency of the Eurozone countries.

### **No incorporation of website**

The contents of any website of the Company or any other person do not form part of this Document.

### **Definitions**

A list of defined terms used in this Document is set out in "Part XV – Definitions".

**PART V**  
**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this Document	17 July 2019
Admission and commencement of unconditional dealings in Ordinary Shares	8.00 a.m. on 29 July 2019
CREST members' accounts credited in respect of Ordinary Shares	8.00 a.m. on 29 July 2019
Despatch of definitive share certificates for Ordinary Shares by no later than	5 August 2019

*All references to time in this Document are to London, UK time unless otherwise stated and each of the times and dates are indicative only and may be subject to change.*

**PLACING STATISTICS**

Total number of New Ordinary Shares subject to the Placing	7,500,000
Total number of Ordinary Shares in issue following the Placing and Admission	8,400,000
Placing Price per New Ordinary Share	£0.10
Gross proceeds of the Placing	£750,000
Net Proceeds receivable by the Company	£600,000

**DEALING CODES**

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BJ9MHH56
SEDOL	BJ9MHH5
TIDM	MUST

**PART VI**  
**DIRECTORS AND ADVISERS**

<b>Directors</b>	<u>Alan</u> John Broome, AM ( <i>Non-Executive Chairman</i> ) <u>Dean</u> Lloyd Gallegos ( <i>Managing Director</i> ) <u>Peter</u> Verdun Wale ( <i>Non-Executive Director</i> ) <u>Simon</u> William Holden ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Dean Lloyd Gallegos
<i>All of:</i>	
<b>Registered Office</b>	48 Chancery Lane London WC2A 1JF
<b>Founders</b>	Dean Lloyd Gallegos Alan John Broome, AM Peter Verdun Wale
<b>Broker and Placing Agent</b>	Optiva Securities Limited 49 Berkeley Square Mayfair London W1J 5AZ
<b>Legal advisers to the Company</b>	Druces LLP Salisbury House London Wall London EC2M 5PS
<b>Auditors and Reporting Accountants</b>	Wilson Wright LLP Thavies Inn House 3-4 Holborn Circus London EC1N 2HA
<b>Bankers</b>	Metro Bank PLC One Southampton Row London WC1B 5HA
<b>Registrars</b>	Share Registrars Limited The Courtyard 17 West Street Farnham GU9 7DR
<b>Company Website</b>	<a href="http://www.mustangplc.com">www.mustangplc.com</a>



**PART VII**  
**THE COMPANY'S STRATEGY**

**1 Introduction**

The Company was incorporated on 17 January 2018 in accordance with the laws of England and Wales with company number 11155663 under the name Mustang Energy PLC.

The Founders of the Company, being Dean Gallegos, Alan Broome and Peter Wale were appointed to the Board as Directors on incorporation. Simon Holden was appointed to the Board as a Director on 1 August 2018. Further information on each of the Directors is set out in their respective biographies in "Part VIII – The Company, The Board and Acquisition Structure".

On Admission, the Company will be authorised to issue one class of shares (the Ordinary Shares). It is intended that the Ordinary Shares will be admitted by the FCA to a Standard Listing and to trading on the London Stock Exchange's Main Market for listed securities.

The Board considers that a listing on the Main Market may attract greater opportunities, both from the perspective of Investors, who may not be willing or able to invest in a company whose shares are listed on a different securities exchange, and from the perspective of the target company, which may only consider accepting share consideration as part of an Acquisition, from a company whose shares are admitted to the Official List.

**2 Company objective**

The Company was formed to undertake an acquisition of a target company or business or asset(s). The Company does not have any specific acquisition under consideration and does not expect to engage in substantive negotiations with any target company or business or asset(s) until after Admission. There is no specific expected target value for the Acquisition and the Company expects that any funds not used for an Acquisition will be used for future acquisitions, internal or external growth and expansion, and working capital in relation to the acquired company or business or asset(s).

Following completion of an Acquisition, the objective of the Company will be to operate the acquired target company, business or asset(s) and implement an operating strategy with a view to generating value for its Shareholders through capital investment, operational improvements as well as potentially through additional complementary acquisitions following an Acquisition. Following an Acquisition, the Company intends to seek re-admission of its securities to listing on the Official List and trading on the London Stock Exchange or admission to another stock exchange.

The Company's efforts in identifying a prospective target company or business or asset(s) will not be limited to a particular industry or geographic region.

In assessing any potential Acquisition, the Board will pay particular attention to the following overriding factors:

- the existence of production providing cash flow for the business;
- strong exploration potential in known natural resources producing areas;
- the quality of the management; and
- an established track record of developing natural resources assets.

Following Admission, the Directors will be responsible for procuring investment and acquisition opportunities to be considered by the Company. The Company has constituted a Board it believes is well suited for the purposes of implementing its business strategy mixing a strong track record of growing diversified business groups in the energy and natural resources sectors and the financial sector (including, *inter alia*, the mining, oil & gas, energy and corporate finance sectors), considerable public company experience and a wide network of global contacts. Based on the collective experience of the Directors in growing such businesses in the energy and natural resources sectors, the Directors consider there are opportunities to create value for Shareholders in these sectors. The Company will utilise outside consultants and advisers as the situation demands, at the Board's discretion.

As stated above, the Acquisition which the Company is targeting to make within a 12 month timeframe from Admission, will be treated as a Reverse Takeover, requiring an application for the Company to have its Ordinary Shares re-admitted to the Official List and to trade on the Main Market for listed securities of the London Stock Exchange or, in the event this is not carried out, the Board shall likely apply for the Ordinary Shares to be admitted to another stock exchange. Unless required by applicable law or other regulatory process, no Shareholder approval will be sought by the Company in relation to an Acquisition. An Acquisition will be subject to Board approval.

The Company has not engaged or retained any agent or other representative to identify or locate any suitable Acquisition candidate(s), to conduct any research or take any measures, directly or indirectly, to locate or contact a target company or business or asset(s). To date, the Company's efforts have been limited to organisational activities as well as activities related to the Placing. The Company may subsequently seek to raise further capital for purposes of an Acquisition.

The determination of the Company's post-Acquisition strategy and whether any of the Directors will remain with the combined entity and on what terms, will be made at or prior to the time of an Acquisition.

In conjunction with the Admission, the Company has raised £750,000 (before expenses), being approximately £600,000 after expenses, conditional on Admission, through the Placing of the New Ordinary Shares with Investors. The proceeds of the Placing will be deployed by the Company in accordance with its strategy to complete the Acquisition.

Application will be made for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities and the Placing is conditional on Admission. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on 29 July 2019 or such later time as the Company may agree. Further details of the Placing are set out in of "Part IX – Placing" of this Document.

### 3 Business strategy and execution

The Company has identified the following criteria that it believes are important in evaluating a prospective target company or business or asset(s). It will generally use these criteria in evaluating acquisition opportunities. However, it may also decide to enter into an Acquisition with a target company or business or asset(s) that does not meet the below criteria.

The Directors intend to take an active approach to completing an Acquisition and to adhere to the following criteria, insofar as reasonably practicable:

- **Geographic focus:** The Company intends, but is not required to, seek to acquire an exploration or production company or business or asset(s) with operations in energy or natural resources in any part of the world with: (i) strong underlying fundamentals and clear broad-based growth drivers; (ii) a meaningful population and an identifiable market; (iii) established financial regulatory systems; (iv) stable political structures; and (v) strong or improving governance and anti-corruption ratings.
- **Sector focus:** The Company intends to search initially for acquisition opportunities in the energy and natural resources sectors, but the Company shall not be limited to such sectors. The Directors believe that opportunities exist to create value for Shareholders through a properly executed, acquisition-led strategy in the energy or natural resources industry, however the Directors will consider other industries and sectors where they believe value may be created for Shareholders.
- **Identifiable routes to value creation:** The Company intends, but is not required to, seek to acquire a company or business or asset(s) in respect of which the Company can: (i) play an active role in the optimisation of strategy and execution; (ii) enhance existing management capabilities through the Directors' proven management skills and depth of experience; (iii) effect operational changes to enhance efficiency and profitability; and (iv) provide capital to support significant, credible, growth initiatives.

- **Management of an Acquisition:** An Acquisition may be made by direct purchase of an interest in a company, partnership or joint venture, or a direct interest in a project, and can be at any stage of development. Following the completion of an Acquisition, the Directors will work in conjunction with incumbent management teams to develop and deliver a strategy for performance improvement and/or strategic and operational enhancements.

The Directors believe that their broad, collective experience, together with their extensive network of contacts, will assist them in identifying, evaluating and funding suitable acquisition opportunities. External advisers and professionals may be engaged as necessary to assist with sourcing and due diligence of prospective acquisition opportunities. The Directors may consider appointing additional directors with relevant experience if the need arises.

Any evaluation relating to the merits of a particular Acquisition will be based, to the extent relevant, on the above factors as well as other considerations deemed relevant to the Company's business objective by the Directors. In evaluating a prospective target company or business or asset(s), the Company expects to conduct a due diligence review which will encompass, among other things, meetings with incumbent management and employees, document reviews, inspection of facilities, as well as a detailed review of financial and other information which will be made available. The time required to select and evaluate a target company or business or asset(s) and to structure and complete an Acquisition, and the costs associated with this process, are not currently ascertainable with any degree of certainty.

The Company expects that an Acquisition will be to acquire a controlling interest in a target company or business or asset(s). The Company (or its successor) may consider acquiring a controlling interest constituting less than the whole voting control or less than the entire equity interest in a target company or business or asset(s) if such opportunity is attractive; provided, the Company (or its successor) would acquire a sufficient portion of the target entity such that it could consolidate the operations of such entity for applicable financial reporting purposes. Future complementary acquisitions may be non-controlling.

The determination of the Company's post-Acquisition strategy and whether any Directors will remain with the combined entity and, if so, on what terms, will be made following the identification of the target company or business or asset(s) but at or prior to the time of the Acquisition.

#### **4 Capital and returns management**

The Company expects to raise gross proceeds of £750,000 from the Placing. The Directors believe that, following the Acquisition, further equity capital raisings may be required by the Company for working capital purposes as the Company pursues its objectives going forward. Given that the anticipated operating costs of the Company will be minimal, the Company does not envisage that further funding will be required in the first 18 months or prior to an Acquisition.

Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed.

It is intended that an Acquisition will be undertaken by way of share consideration (in whole or part) which will leave cash available for working capital purposes. However, whether a further equity raising will be required, and the amount of such raising, will depend on the nature of the acquisition opportunity that arises and the form of consideration the Company uses to make an Acquisition (which cannot be determined at this time).

Any Acquisition made by the Company will represent a Reverse Takeover pursuant to the Listing Rules, requiring an application for the Company to have its Ordinary Shares re-admitted to the Official List and to trade on the Main Market for listed securities of the London Stock Exchange or, in the event this is not carried out, the Board currently intends to apply for the Ordinary Shares to be admitted to another stock exchange. Unless required by applicable law or other regulatory process, no Shareholder approval will be sought by the Company in relation to an Acquisition. An Acquisition will be subject to Board approval.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy set out below in paragraph 5 of this "Part VII – The Company's Strategy".

If the Acquisition has not been announced within 18 months of Admission, the Board will recommend to Shareholders either that the Company continue to pursue an Acquisition for a further 12 months from such date or that the Company be wound up (in order to return capital to Shareholders, to the extent assets are available). The Board's recommendation will then be put to a Shareholder vote (from which the Directors holding Ordinary Shares will abstain). In the event that the Company is wound up, any capital available for distribution will be returned to Shareholders in accordance with the Articles. An ordinary resolution of Shareholders is required to voluntarily wind-up the Company unless the Directors resolve to petition the High Court in England and Wales to wind-up the Company.

## **5 Dividend policy**

The Company is primarily seeking to achieve capital growth for its Shareholders.

It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated.

The Board does not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date after the completion of the Acquisition and depending upon the generation of sustainable profits and the Company's financial position.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

## **6 Corporate governance**

In order to implement its business strategy, the Company has adopted a corporate governance structure more fully outlined in "Part VIII – The Company, The Board and Acquisition Structure". The key features of its structure are:

- consistent with the rules applicable to companies with a Standard Listing, unless required by law or other regulatory process, Shareholder approval is not required in order for the Company to complete the Acquisition. The Company will, however, be required to obtain the approval of the Board before it may complete the Acquisition;
- the Board intends to comply, in all material respects, with certain Main Principles of the UK Corporate Governance Code (as set out in more detail in "Part VIII – The Company, The Board and Acquisition Structure") and has adopted a share dealing code that complies with the requirements of the Market Abuse Regulation. All persons discharging management responsibilities (comprising only the Directors at the date of this Document) shall comply with the share dealing code from the date of Admission; and
- following an Acquisition, the Directors may seek to transfer the Company from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business or asset(s) it acquires, subject to fulfilling the relevant eligibility criteria at the time. If the Company is successful in obtaining a Premium Listing, further rules will apply to the Company under the Listing Rules and Disclosure and Transparency Rules and the Company will be obliged to comply with or explain any derogation from the UK Corporate Governance Code. In addition to, or in lieu of, a Premium Listing, the Company may determine to seek a listing on another stock exchange or seek re-admission to a Standard Listing.

## 7 Conflicts of interest

### 7.1 General

Potential areas for conflicts of interest in relation to the Company include:

- None of the Directors are required to commit any specified amount of time to the Company's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities.
- In the course of their other business activities, the Directors may become aware of investment and business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. They may have conflicts of interest in determining to which entity a particular business opportunity should be presented.
- The Directors may in the future become affiliated with entities, including other special purpose acquisition companies, engaged in business activities similar to those intended to be conducted by the Company, which may include entities with a focus on target companies or businesses or asset(s) similar to those being sought by the Company.
- The Directors have each signed a letter of undertaking dated 17 July 2019 addressed to the Company that any acquisition opportunities in the energy or natural resources sector, excluding acquisition opportunities relating to the exploration and/or production of magnetite in North America, and/or the exploration and/or production of nickel sulphide in Western Australia and/or the Northern Territory of Australia, and/or the exploration and/or production of tin, tungsten or copper in South West England, originated by each of them respectively, will be offered to the Company first (individually the "**Undertaking**" and together the "**Undertakings**"). The specific reason for these exclusions is that Mr Broome and Mr Wale are directors of Strategic Minerals plc (AIM: SML) ("**Strategic Minerals**"), which is quoted on AIM and which has operations in these sectors within the stated linked geographical areas. To avoid any conflict with any duties owed to Strategic Minerals by Mr Broome and Mr Wale, these sectors and linked geographical areas have been excluded from any acquisition opportunities that Mr Broome and Mr Wale, as well as Mr Gallegos and Mr Holden will consider for the Company. If the Company declines a particular acquisition opportunity it may then be offered to other entities the Directors are affiliated to. If an Undertaking is breached by a Director, recourse may potentially be taken by Shareholders for such breach. Furthermore, in the event of a breach of an Undertaking, it may also be likely that the Director in question has breached their fiduciary duties as a Director pursuant to the Companies Act. Further grounds for recourse may potentially therefore be available for Shareholders. It would be a commercial decision of the Shareholders as to whether any recourse should be taken in the event of a breach of an Undertaking. It should be noted however that as the Directors are also Shareholders and will be granted Options on Admission (further details of which are set out at paragraph 4 of Part XIII of this Document), they each have a financial stake in the Company which incentivises them to act in the interests of the Company.
- The Directors may have a conflict of interest with respect to evaluating a particular acquisition opportunity if the retention or resignation of any of the Directors were included by a target company or business or asset(s) as a condition to any agreement with respect to an Acquisition.
- The Board has decided that if the Company decides to proceed with an acquisition opportunity, the acquisition opportunity will only be handled by the Director/s whom a potential conflict of interest does not arise in relation to any other entities such Director/s may be affiliated with. Only the non-conflicted Director/s will be involved in the due diligence process and be able to decide if the acquisition opportunity is fit and proper for the Company.

Accordingly, as a result of these business affiliations, each of the Directors may have similar legal obligations to present business opportunities to multiple entities. In addition, conflicts of interest may arise when the Board evaluates a particular business opportunity, however the possibility of a potential conflict of interest will be dependent on the geographical area and sector of such business opportunity.

The Directors have, or may come to have, other fiduciary obligations, including to other companies on whose board of directors they presently sit or to other companies whose board of directors they may join in the future. To the extent that the Directors identify acquisition opportunities that may be suitable for the Company or other companies on whose board of directors they may sit, the Company will be offered acquisition opportunities first that fall within the scope of the Undertakings detailed above. If there are acquisition opportunities that do not fall within the scope of the Undertakings, the Directors will honour any pre-existing fiduciary obligations to other companies whose board of directors they presently sit on. The Directors do not, however, have any pre-existing fiduciary obligations to other companies whose board of directors they presently sit on, that prevent them from offering acquisition opportunities within the scope of the Undertakings to the Company first.

The Directors may therefore refrain from presenting certain acquisition opportunities to the Company that come to their attention in the performance of their duties as directors of such other entities and which fall outside the scope of the Undertakings, unless the other companies have declined to accept such acquisition opportunities or clearly lack the resources to take advantage of such acquisition opportunities. Accordingly, the Directors may become aware of acquisition opportunities that may be appropriate for presentation to the Company as well as the other entities with which they are or may be affiliated, but will always ensure to present acquisition opportunities that fall within the scope of the Undertakings to the Company first.

## **7.2 Other conflict of interest limitations**

To further minimise potential conflicts of interest, the Company will not acquire an entity that is an affiliate of any of the Directors.

The Directors are free to become affiliated with new special purpose acquisition companies or entities engaged in similar business activities prior to its identifying and acquiring a target company or business or asset(s). Each of the Directors has agreed that if such person or entity becomes involved prior to the completion of the Acquisition with any new special purpose acquisition companies with similar acquisition criteria as the Company's, any potential opportunities that fit such criteria would first be presented to the Company.

**PART VIII**  
**THE COMPANY, THE BOARD AND ACQUISITION STRUCTURE**

**1 The Company**

The Company was incorporated on 17 January 2018 in accordance with the laws of England and Wales with company number 11155663 under the name Mustang Energy PLC.

The Founders of the Company, being Dean Gallegos, Alan Broome and Peter Wale, were appointed to the Board as Directors on incorporation. Simon Holden was appointed to the Board as a Director on 1 August 2018. Further information on the Directors is set out below.

On Admission, the Company will be authorised to issue one class of shares (the Ordinary Shares). It is intended that the Ordinary Shares will be admitted by the FCA to a Standard Listing and to trading on the London Stock Exchange's Main Market for listed securities.

**2 The Directors**

The Directors believe the Board comprise a knowledgeable and experienced group of professionals with relevant experience for sourcing, evaluating, structuring and executing the business strategy of the Company in order to complete an Acquisition. The Board will have full responsibility for its activities. The Directors are of the opinion that their respective track records demonstrate their ability to source, structure and complete acquisitions, return value to Investors and introduce and complete operational improvements to companies. The Directors will bring their extensive experience, skills and expertise to bear, initially in sourcing, evaluating, structuring and executing an Acquisition. The details of the Directors are listed below.

**2.1 Directors**

**2.1.1 Alan John Broome, AM (Non-Executive Chairman), aged 69**

Alan Broome is a metallurgist with over 40 years experience in mining and metals. A well known figure in the Australian mining industry, Alan has extensive board experience, both as a director and chairman, of a number of listed and unlisted energy, mining and mining technology companies. Over the last 20 years, Alan has had in-depth experience in oil exploration and production, coal mining, equipment, services and research sectors, in the UK, Australia and abroad. Alan is currently non-executive chairman of Strategic Minerals, a minerals production and development company incorporated and registered in England and Wales and listed on the AIM market of the London Stock Exchange.

**2.1.2 Dean Lloyd Gallegos (Managing Director), aged 51**

Dean Gallegos has significant experience in financial markets in both institutional/retail advisory and corporate advisory roles. This included being a founder and principal of an Australian based stockbroking and corporate advisory firm between 1995 and 2002. Since that time he has acted in a executive capacity in numerous mineral and energy focused public companies in Australia and Singapore. Since 2006, he has focused on energy-related projects, principally in the US (including Texas, Louisiana and Alaska) in both the onshore and offshore environments. Dean specialises in the identification of projects and the funding of the development of those projects through equity, debt and mezzanine financing. He has in-depth experience from both an operational and financial perspective in respect to the requirements of the exploration, discovery and subsequent production of oil and gas projects.

**2.1.3 Peter Verdun Wale (Non Executive-Director), aged 49**

Peter Wale brings a thorough understanding of financial markets and investment management with over 25 years of diverse professional investing experience across developed and emerging markets. He has worked for various American fund managers, including Fidelity Investments, and was a partner at an international hedge fund for 12 years. Peter remains an investor, mainly in the resources sector, and has an extensive network of contacts. He is an

executive director and significant shareholder of Strategic Minerals and a director of Cornwall Resources Limited, where he has been actively involved in the development of the companies' strategy and investor communications.

#### 2.1.4 ***Simon William Holden (Non-Executive Director), aged 43***

Simon Holden is an experienced corporate finance and capital markets lawyer. He advises issuers in connection with initial public offerings and secondary fundraisings, start-ups and growth companies on alternative finance, and public and private companies in respect of domestic and cross border mergers and acquisitions. Simon is recommended in The Legal 500 2019 for: Flotations: Small and Mid-Cap; M&A: Smaller Deals up to £50M; Mining and Minerals; and Oil and Gas. Simon has an in-depth understanding of the UK quoted company sector, having advised on a significant number of AIM and Main Market transactions; acting for issuers, nominated advisers and brokers. He was called to the Bar of England & Wales (Lincoln's Inn) in 1999 and was subsequently admitted as a Solicitor in England & Wales in 2002. He is currently company secretary of Iofina plc (AIM: IOF) and previously served as company secretary of InfraStrata plc (AIM: INFA) and SolGold plc (formerly Solomon Gold plc) (LSE: SOLG).

#### 2.2 ***Directors' Commitment***

Dean Gallegos (a Director) has subscribed in the Placing for 1,000,000 Ordinary Shares at £0.10 per Ordinary Share. Peter Wale and Simon Holden (both Directors) have each subscribed in the Placing for 250,000 Ordinary Shares at £0.10 per Ordinary Share. Alan Broome (a Director) has subscribed in the Placing for 50,000 Ordinary Shares at £0.10 per Ordinary Share. Further details of each Directors' relevant interest in the Company is contained in paragraph 8 of "Part XIII – Additional Information".

### **3 Independence of the Board**

Simon Holden is currently the only independent member of the Board (using the definition set out in the UK Corporate Governance Code). It is intended that additional Directors will be appointed in the future and that independence will be one of the factors taken into account at that time. As at the date of this Document no prospective Directors have been identified and no arrangements exist (formal or informal) for the appointment of any other Director.

### **4 Directors' fees**

Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed. On completion of an Acquisition, the Directors will receive annual director fees as detailed in paragraph 9 of "Part XIII – Additional Information".

All the Directors are entitled to be reimbursed by the Company for travel, hotel and other expenses incurred by them in the course of their duties relating to the Company, including those expenses incurred prior to Admission. All the Directors are required to serve on the audit/remuneration committee and, where possible, attend all committee meetings, general meetings, board meetings, and provide guidance and direction in the planning, developing and enhancing the future strategic direction of the Company.

Further details of the Letters of Appointment are set out in paragraph 9 of "Part XIII – Additional Information".

Any fees payable to the Directors after an Acquisition will be determined as part of the negotiations for such Acquisition, and will be dependent on whether the Directors remain on the Board in any event.

### **5 Strategic decisions**

#### 5.1 ***Members and responsibility***

The Directors are responsible for carrying out the Company's objectives, implementing its business strategy to complete an Acquisition and conducting its overall supervision.



Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance framework of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

Unless required by applicable law or other regulatory process, no Shareholder approval will be sought by the Company in relation to the making of an Acquisition. An Acquisition will be subject to Board approval.

## 5.2 ***Frequency of meetings***

The Board will schedule quarterly meetings and will hold additional meetings as and when required. The expectation is that this will result in more than four meetings of the Board each year.

## 5.3 ***Corporate governance***

As at the date of this Document, the Company complies with the corporate governance regime applicable to the Company pursuant to the laws of England and Wales.

In addition, the Company intends to voluntarily observe the requirements of the UK Corporate Governance Code, save as set out below. As at the date of this Document the Company is, and at the date of Admission will be, in compliance with the UK Corporate Governance Code with the exception of the following:

- Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company. In addition, the Company does not comply with the requirements of the UK Corporate Governance Code in relation to the requirement to have a senior independent director and the Board's committees will not, at the outset, have three independent non-executive directors.
- The UK Corporate Governance Code also recommends the submission of all directors for re-election at annual intervals. No Director will be required to submit for re-election until the first annual general meeting of the Company following an Acquisition.

Until the Acquisition is made, the Company will not have nomination, remuneration, audit or risk committees. The Board as a whole will instead review its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of Shareholders and the performance of the Company), take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance. Following an Acquisition, the Board intends to put in place nomination, remuneration, audit and risk committees.

As at the date of this Document, the Board has a share dealing code that complies with the requirements of the Market Abuse Regulation. All persons discharging management responsibilities (comprising only the Directors at the date of this Document) shall comply with the share dealing code from the date of Admission.

Following an Acquisition and subject to eligibility, the Directors may, in future, seek to transfer the Company from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business or asset(s) it acquires, subject to fulfilling the relevant eligibility criteria at the time. However, in addition to or in lieu of a Premium Listing, the Company may determine to seek a listing on another stock exchange. Following such a Premium Listing, the Company would comply with the continuing obligations contained

within the Listing Rules and the Disclosure and Transparency Rules in the same manner as any other company with a Premium Listing.

**The Company is applying for a Standard Listing of the Ordinary Shares on the Official List and a Standard Listing offers less protection to Investors than would otherwise be the case with a Premium Listing on the Official List. Further details on the consequences of a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 34 of this Document.**

## **6 Acquisition structure**

An Acquisition may be made by the Company or a wholly-owned subsidiary of the Company, established as a special purpose vehicle to make such Acquisition. The details of the structure of an Acquisition will be determined once a target for Acquisition has been identified.

## **7 Other Agreements**

The Company has also entered into a number of other agreements for the provision of registrar and other services more fully described in "Part XIII – Additional Information".

## PART IX THE PLACING

### 1 Description of the Placing

Under the Placing, 7,500,000 New Ordinary Shares are being made available to Investors at the Placing Price of £0.10 per New Ordinary Share, which is expected to raise gross proceeds of £750,000, subject to commissions and other estimated fees and expenses of approximately £150,000.

The Placing Agent has received Placing Letters from Investors to subscribe for (and will be allotted) 7,500,000 Ordinary Shares in aggregate at the Placing Price. The irrevocable commitments of the proposed Investors under the Placing Letters is subject only to Admission by on or around 31 July 2019 (or such later date as the Placing Agent may notify Investors), but in any event not later than 30 September 2019, and may not be withdrawn other than on a failure of the Company to achieve Admission by the prescribed long-stop date.

The Net Proceeds to the Company amount to approximately £600,000, after deduction of fees and expenses payable by the Company which are related to the Placing, the Pre-IPO Subscriptions and Admission. The Placing is conditional on, *inter alia*, Admission. If Admission does not proceed, the Placing will not proceed and any monies will be refunded to the applicants.

If Admission does not proceed, the Placing will not proceed and any monies received by the Placing Agent will be refunded to the relevant applicants.

The Placing is being made by means of an offering of the New Ordinary Shares primarily to certain institutional and other investors in the United Kingdom and elsewhere in the EEA. In accordance with Listing Rule 14.2.2R, at Admission, at least 25 per cent. of the Ordinary Shares of this listed class will be in public hands (as defined in the Listing Rules).

The Company, in consultation with the Placing Agent, expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing.

The Company intends to apply the Net Proceeds in accordance with paragraph 6 of this "Part IX – Placing" and in pursuit of the objective set out in paragraph 2 of "Part VII – The Company's Strategy".

On incorporation, three subscriber Ordinary Shares were issued, credited as fully paid up, to each of the Founders. Since incorporation:

- Dean Gallegos has subscribed for and has been allotted a further 629,999 Ordinary Shares at £0.0025 per Ordinary Share;
- Alan Broome has subscribed for and has been allotted a further 89,999 Ordinary Shares at £0.0025 per Ordinary Share;
- Peter Wale has subscribed for and has been allotted a further one Ordinary Share credited as fully paid up, and 89,998 Ordinary Shares at £0.0025 per Ordinary Share; and
- Simon Holden has subscribed for and been allotted 90,000 Ordinary Shares at £0.0025 per Ordinary Share.

Dean Gallegos has subscribed in the Placing for 1,000,000 Ordinary Shares at £0.10 per Ordinary Share. Peter Wale and Simon Holden have each also subscribed in the Placing for 250,000 Ordinary Shares at £0.10 per Ordinary Share. Alan Broome has subscribed in the Placing for 50,000 Ordinary Shares at £0.10 per Ordinary Share.

Such Ordinary Shares held by Dean Gallegos will constitute 19.40 per cent. of the Enlarged Share Capital, such Ordinary Shares held by Alan Broome will constitute 1.67 per cent. of the Enlarged Share Capital, such Ordinary Shares held by Peter Wale will constitute 4.05 per cent. of the Enlarged Share

Capital and such Ordinary Shares held by Simon Holden will constitute 4.05 per cent. of the Enlarged Share Capital.

Certain restrictions that apply to the distribution of this Document and the New Ordinary Shares being issued under the Placing in certain jurisdictions are described in the section of this Document headed "Part XIV – Notices to Investors". Certain selling and transfer restrictions are also contained in that section.

Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 29 July 2019. No application has been or is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any other stock exchange. When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BJ9MHH56 and SEDOL number BJ9MHH5.

## **2 Terms and Conditions of the Placing**

Each Investor who subscribes for the New Ordinary Shares under the Placing will be bound by these terms and conditions:

### **2.1 Agreement to acquire the New Ordinary Shares**

Conditional on: (i) the Placing becoming unconditional and not being terminated in accordance with the terms of the Placing Letters; and (ii) Admission becoming effective by 8.00 a.m. on or around 31 July 2019 (or such later time and/or date as the Placing Agent and the Company may agree, but no later than 8.00 a.m. on 30 September 2019), an Investor who has applied for New Ordinary Shares agrees to acquire those New Ordinary Shares (such number of New Ordinary Shares not to exceed the number applied for by such Investor) at the Placing Price. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights an Investor may have. Each such Investor is deemed to acknowledge receipt and understanding of this Document and in particular the risk and investment warnings contained in this Document.

### **2.2 Payment for the New Ordinary Shares**

Each Investor must pay the Placing Price for the New Ordinary Shares issued to the Investor in the manner directed by the Company.

If any Investor fails to pay as so directed by the Placing Agent pursuant to the Placing Letter, the relevant Investor's subscription will be cancelled.

If Admission does not occur, subscription monies will be returned without interest at the risk of the applicant.

### **2.3 Representations, warranties and acknowledgements**

Each Investor and, in the case of paragraph 2.3(l) below, any person subscribing for or applying to subscribe for New Ordinary Shares, or agreeing to subscribe for New Ordinary Shares on behalf of an Investor will be deemed to represent and warrant to the Company that, *inter alia*:

- (a) it is subscribing for the New Ordinary Shares on its own account, it does not have any contract, understanding or arrangement with any person to sell, pledge, transfer, or grant a participation therein to such person or any third person with respect to any New Ordinary Shares (save in certain circumstances where it is a private client stockbroker or fund manager);
- (b) it is relying solely on the Placing Letter and the placing proof of this Document and not on any other information or representation concerning the Company or the Placing. The Investor agrees that none of the Company or the Registrar nor any of their respective officers or directors will have any liability for any other information or representation. The Investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- (c) the content of this Document is exclusively the responsibility of the Company and the Directors and neither the Registrar nor any person acting on their behalf nor any of their respective affiliates is responsible for or shall have any liability for any information, representation or statement contained in this Document or any information published by or on behalf of the Company, and none of the Registrar nor any person acting on its behalf nor any of their respective affiliates will be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this Document or otherwise;
- (d) it has not relied on any information given or representations, warranties or statements made by the Company, the Directors, the Placing Agent, the Registrar or any other person in connection with the Placing other than information contained in the placing proof of this Document and/or any supplementary prospectus or regulatory announcement issued by or on behalf of the Company on or after the date hereof and prior to Admission. The Investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (e) any exercise by the Placing Agent or the Company of any right to terminate the Placing Letters or extend the time or waive the requirement of the satisfaction of all or any conditions of the Placing Letters (or any other right it has under the Placing Letters) shall be within the Placing Agent's absolute discretion, and the Placing Agent shall have no liability to it whatsoever in relation to any decision to exercise or not to exercise such right(s);
- (f) if the Investor is in the United Kingdom, it is: (i) a person having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotions Order**"); or (ii) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Financial Promotions Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;
- (g) it is not a person who falls within the special charge to stamp duty reserve tax nor does it attract any stamp duty (including, without limitation, under sections 67, 70, 93 or 96 of the Finance Act 1986), and it is liable for all and any stamp duty payable arising in respect of the delivery and settlement of its New Ordinary Shares;
- (h) it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Money Laundering Regulations 2003, the Money Laundering Regulations 2007 (if applicable), the money laundering provisions of the Criminal Justice Act 1993 and the Anti Terrorism Crime and Security Act 2001, or applicable legislation in any other jurisdiction (together, the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;
- (i) it is not a national, citizen or resident of Canada, Japan, the Republic of South Africa or any other jurisdiction in which the Placing is or would be unlawful and: (i) it is entitled to receive the Placing Letter and to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and obtained all governmental and other consents which may be required under such laws and complied with all necessary formalities; (iii) it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction; and (iv) it has not taken any action or omitted to take any action which will or may result in any of the Company, the Founders, the Placing Agent, the Registrar or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal and regulatory requirements of any jurisdiction in connection with the Placing or, if applicable, its acceptance of or participation in the Placing;

- (j) it is not a person of the kind described in articles 5.1 or 5.2 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended by Council Regulation (EU) No 960/2014 of 8 September 2014, published in the Official Journal of the EU on 12 September 2014);
- (k) it agrees to become a member of the Company and to be bound by the terms of the Articles in force at Admission;
- (l) if a company, it is a valid and subsisting company and has all the necessary corporate capacity and authority to execute its obligations in connection with its subscription pursuant to the terms of the Placing Letter;
- (m) it will not undertake any transaction relating to the New Ordinary Shares which would constitute a 'Notifiable Transaction' under the Market Abuse Regulation, unless and until Admission becomes effective;
- (n) it will, if applicable, notify the Company of its interest in the Ordinary Shares in accordance with Articles and Chapter 5 of the Disclosure and Transparency Rules;
- (o) it has not offered or sold, and will not offer or sell, any New Ordinary Shares to persons in the United Kingdom in circumstances which would result in the New Ordinary Shares being offered to the public in the United Kingdom within the meaning of section 85(1) of FSMA; and
- (p) no person connected with it has been offered a bribe or other inappropriate payment or incentive in relation to the Placing or Admission.

The Company will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings.

#### 2.4 **Acknowledgement**

Each Investor and, in the case of paragraph 2.3(l) above, any person subscribing for or applying to subscribe for New Ordinary Shares, or agreeing to subscribe for New Ordinary Shares on behalf of an Investor will be deemed to acknowledge to the Company that the Investor has been warned that an investment in the Ordinary Shares is only suitable for acquisition by a person who:

- (a) has a significantly substantial asset base such that would enable the person to sustain any loss that might be incurred as a result of acquiring the Ordinary Shares; and
- (b) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the Ordinary Shares.

The Company will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings.

#### 2.5 **Supply and disclosure of information**

If any of the Registrar or the Company or any of their agents request any information about an Investor's agreement to purchase New Ordinary Shares under the Placing, such Investor must promptly disclose it to them.

#### 2.6 **Miscellaneous**

The rights and remedies of each of the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally the jurisdictions in which its funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to the Company.

Each Investor agrees to be bound by the Articles (as amended from time to time) once the New Ordinary Shares, which the Investor has agreed to acquire pursuant to the Placing, have been issued to the Investor.

The contract to purchase New Ordinary Shares under the Placing, the appointments and authorities mentioned herein and the representations, warranties and undertakings set out herein will be governed by, and construed in accordance with, the law of England and Wales. For the exclusive benefit of the Company and the Registrar, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to purchase New Ordinary Shares under the Placing, references to an "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.

The Company expressly reserves the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before closing.

### **3 Allocation**

Allocations under the Placing have been determined by the Company and the Placing Agent after indications of interest from prospective Investors have been received. A number of factors have been considered in deciding the basis of allocation under the Placing, including the level and nature of the demand for the New Ordinary Shares and the objective of establishing an Investor profile consistent with the long-term objective of the Company. The Company and the Placing Agent have notified Investors of their allocations.

All New Ordinary Shares issued pursuant to the Placing will be issued, payable in full, at the Placing Price.

The Ordinary Shares issued pursuant to the Placing will be issued in registered form, and are capable of being held in certificated and uncertificated form. The currency of the securities issue is Pounds Sterling. It is expected that the Ordinary Shares will be issued pursuant to the Placing on 29 July 2019.

### **4 Dealing arrangements**

Application will be made to the UK Listing Authority for all the Ordinary Shares to be listed on the Official List and application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 29 July 2019. This date and time may change.

It is intended that settlement of Ordinary Shares allocated to Investors will take place by means of crediting relevant CREST stock accounts on Admission. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned. When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BJ9MHH56 and SEDOL number BJ9MHH5.

### **5 CREST**

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear. CREST allows securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer.

The Articles permit the holding of Ordinary Shares in uncertificated form under the CREST System.

Application will be made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if any Shareholder (as applicable) so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An Investor applying for Ordinary Shares in the Placing may elect to receive Ordinary Shares in uncertificated form if the Investor is a system member (as defined in the CREST Regulations) in relation to CREST.

## **6 Use of Proceeds**

The gross proceeds of the Placing will be used to pay the expenses of the Placing and Admission and further the Company's objectives of completing the Acquisition.

The Company's primary intention is to use the Net Proceeds to enable it to evaluate potential acquisition targets and to pay professional fees (i.e. due diligence, legal fees, accountancy fees) in relation to the Acquisition, which may include additional complementary acquisitions following the Acquisition. The Company intends to keep professional adviser fees low and conduct its own commercial due diligence before incurring professional adviser fees on any potential Acquisition. The Directors will look to utilise their skill sets to keep costs down before incurring such fees and costs. The annual fee for Optiva is £25,000 plus VAT, and the estimated Net Proceeds, after deducting fees and expenses in connection with the Placing, the Pre-IPO Subscriptions and Admission are approximately £150,000. Following an Acquisition, the Company intends to seek re-admission of the Company's securities to listing on the Official List and trading on the London Stock Exchange or admission to another stock exchange.

Operating costs will be maintained at the minimum level consistent with the Company's status as a publicly quoted company. The Company does not intend to acquire premises of its own or engage any employees other than the Directors, before making the Acquisition. The Directors will seek to conserve the Company's resources. Given that, with effect from Admission, the Company will be dealing with limited financial resources the Directors have undertaken not to receive any remuneration for their services until an Acquisition has been completed.

The Directors believe that the benefits of the Standard Listing are as follows:

- the Company will have, following the Placing, sufficient funds to implement its business strategy to complete an Acquisition;
- provide working capital for the Company's initial operations in line with its business strategy as set out in this Document; and
- raise the profile of the Company.



## PART X

### SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES, AND ACCOUNTING POLICIES

#### 1 Share capital

The Company was incorporated on 17 January 2018 under the Companies Act.

Details of the current issued Ordinary Shares of the Company are set out in paragraph 3 of "Part XIII – Additional Information". The currency of the securities issue is Pounds Sterling. As at Admission, there will be 8,400,000 issued Ordinary Shares.

All of the issued Ordinary Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register. Temporary documents of title will not be issued. The ISIN number of the Ordinary Shares is GB00BJ9MHH56. The SEDOL number of the Ordinary Shares is BJ9MHH5.

#### 2 Financial position

The Company has not yet commenced operations.

The financial information in respect of the Company upon which Wilson Wright LLP has provided the accountants' report in Section A of "Part XI – Financial Information on the Company" as at 31 January 2019 is set out in Section B of "Part XI – Financial Information on the Company".

#### 3 Liquidity and capital resources

##### 3.1 Sources of cash and liquidity

The Company's initial source of cash will be proceeds from Ordinary Shares issued to date and the Net Proceeds of the Placing and Pre-IPO Subscriptions. It will use such cash to fund: (i) the expenses of the Placing, the Pre-IPO Subscriptions and Admission; (ii) on-going costs and expenses (primarily the UKLA eligibility and vetting fees totalling £17,000, London Stock Exchange listing fee of approximately £11,500, Registrar's base fees of an annual register maintenance fee on open accounts of £1.60 per Shareholder per annum (with a minimum charge of £500 per quarter), plus VAT, auditor's fees of approximately £15,000 plus VAT per year and London Stock Exchange fees of approximately £4,078 for the year to 31 March 2020); and (iii) the costs and expenses to be incurred in connection with seeking to identify and effect an Acquisition. The costs and expenses of any Acquisition will likely comprise legal, financial and tax due diligence in relation to the target company. However, the Company would only reach this stage after the Directors have carried out an initial commercial review of the target and the Company has entered into a non-disclosure agreement and/or heads of terms. The Company intends to use share consideration (in whole or part) in relation to an Acquisition. The Company may raise additional capital from time to time. Such capital may be raised through share issues (such as rights issues, open offers or private placings) or borrowings.

The Company may also make the Acquisition or fund part of the Acquisition through share-for-share exchanges. Any such exchanges will be subject to the restrictions on the issue of Ordinary Shares set out in paragraph 5(a) of "Part XIII – Additional Information".

Although the Company envisages that any capital raised will be from new equity, the Company may also choose to finance all or a portion of the Acquisition with debt financing. Any debt financing used by the Company is expected to take the form of bank financing, although no financing arrangements will be in place at Admission. The Company envisages that debt financing may be necessary if, for example, a target company has been identified but would require a certain amount of cash consideration in addition to, or instead of, share consideration.

Any associated debt financing (if any) for the Acquisition will be assessed with reference to the projected cash flow of the target company or business or asset(s) and may be incurred at the Company level or by any subsidiary of the Company. Any costs associated with the debt financing will be paid with the proceeds of such financing.

If debt financing is utilised, there will be additional servicing costs. Furthermore, while the terms of any such financing cannot be predicted, such terms may subject the Company to financial and operating covenants or other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders.

As substantially all of the cash raised (including cash from any subsequent share offers) is expected to be used for working capital, following an Acquisition, the Company's future liquidity will depend in the medium to longer term primarily on: (i) the profitability of the company or business or asset(s) it acquires; (ii) the Company's management of available cash; (iii) cash distributions on sale of existing assets; (iv) the use of borrowings, if any, to fund short-term liquidity needs; and (v) dividends or distributions from subsidiary companies.

### 3.2 **Cash uses**

The Company's principal use of cash (including the Net Proceeds) will be to fund the Acquisition and, potentially (depending on the cost to the Company of an Acquisition) to finance the target after the completion of an Acquisition. The Company's current intention is to retain earnings for use in its business operations and it does not anticipate declaring any dividends in the foreseeable future. In addition to using cash to make an Acquisition, the Company will incur day-to-day expenses that will need to be funded. Initially, the Company expects these expenses will be funded through the Net Proceeds (and income earned on such funds). Such expenses include:

- all costs relating to the Placing, including fees and expenses incurred in connection with the Placing such as those incurred in the establishment of the Company, Placing and Admission fees, fees and expenses payable to the Placing Agent, legal, accounting, registration, printing, advertising and distribution costs and any other applicable expenses;
- transaction costs and expenses – the Company will bear all due diligence costs, legal, underwriting, investment banking, broking, merger and acquisition, tax advice, public relations and printing costs and, where an acquisition is not consummated, all such costs and expenses incurred, including any abort fees due;
- all costs relating to raising capital or in connection with debt financings in connection with, or in anticipation of, an Acquisition, including fees and expenses incurred by the Company for its financial, tax, accounting, technical and other advisers, as the case may be;
- Directors' fees; and
- operational and administrative costs and expenses which will include (but will not be limited to): (i) the fees and expenses of the Registrar; and (ii) regulatory, custody, audit and licence fees, trademark fees, insurance and other similar costs.

The Board intends to be prudent so as to preserve Company funds as far as possible and will keep costs within the Company's cash reserves at all times. For example, the Board is unlikely to commence detailed due diligence without first having agreed fees in advance with its advisers in order that total transaction fees are ascertainable.

It is intended that the company or business or asset(s) acquired pursuant to an Acquisition, which is expected to be an operating company or business or asset(s), will pay all of its own expenses associated with operating such company or business or asset(s) as well as any funding costs associated with any debt raised in conjunction with an Acquisition.

### 3.3 **Deposit of Net Proceeds Pending Acquisition**

Prior to the completion of an Acquisition, the Net Proceeds will be held in the bank account of the Company held with Metro Bank PLC. The Net Proceeds will not be placed in any trust or escrow account. The Company will principally seek to preserve capital and therefore the yield on such deposits or instruments is likely to be low.

### 3.4 **Indebtedness**

As at the date of this Document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.

#### (a) **Interest rate risks**

The Company may incur indebtedness to finance and leverage an Acquisition and to fund its liquidity needs. Such indebtedness may expose the Company to risks associated with movements in prevailing interest rates. Changes in the level of interest rates can affect, among other things: (i) the cost and availability of debt financing and hence the Company's ability to achieve attractive rates of return on its assets; (ii) the Company's ability to make an Acquisition when competing with other potential buyers who may be able to bid for an asset at a higher price due to a lower overall cost of capital; (iii) the debt financing capability of the companies and businesses in which the Company is invested; and (iv) the rate of return on the Company's uninvested cash balances. This exposure may be reduced by introducing a combination of a fixed and floating interest rates or through the use of hedging transactions (such as derivative transactions, including swaps or caps). Interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management, and will not be carried out for speculative purposes. See sub-paragraph 3.4(b) below.

#### (b) **Hedging arrangements and risk management**

The Company may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Company will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Company's ability to correctly predict market changes. As a result, while the Company may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Company may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly limit the Company's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a result of a number of factors, some of which will be beyond the Company's control.

### 3.5 **Capitalisation and indebtedness illustration**

The table below setting out the Company's capitalisation and indebtedness position has been included for illustrative purposes only.

#### **CAPITALISATION**

The following table shows the Company's indebtedness and capitalisation as at 31 January 2019.

	31 January 2019 (£)
<b>Total Current Debt</b>	
Guaranteed	0
Secured	0

Unguaranteed/Unsecured	70,789
<b>Total Non-Current Debt</b>	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	0
	31 January 2019
	(£)
<b>Shareholders' Equity</b>	
Share Capital	0
Shares to be issued	0
Reserves	(74,148)
Total	(74,148)

There have been no other changes to the Company's capitalisation as at 31 January 2019.

#### **INDEBTEDNESS**

The table below sets out the net indebtedness of the Company as at 31 January 2019.

	31 January 2019
	(£)
A. Cash	0
B. Cash equivalent	0
C. Trading securities	0
D. <b>Liquidity (A) + (B) + (C)</b>	<b>0</b>
E. Current financial receivable	13,260
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	70,789
I. <b>Current Financial Debt (F) + (G) + (H)</b>	<b>70,789</b>
J. <b>Net Current Financial Indebtedness (I) - (E) - (D)</b>	<b>(57,529)</b>
K. Non-current Bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. <b>Non-current Financial Indebtedness (K) + (L) + (M)</b>	<b>0</b>
O. <b>Net Financial Indebtedness (J) + (N)</b>	<b>(57,529)</b>

There have been no other changes to the Company's indebtedness as at 31 January 2019.

#### **3.6 Accounting policies and financial reporting**

The Company's financial year end will be 31 January, and the first set of audited annual financial statements will be for the period from 17 January 2018 to 31 January 2019. The

Company will produce and publish half-yearly financial statements as required by the Disclosure and Transparency Rules. The Company will present its financial statements in accordance with IFRS.

**PART XI**  
**FINANCIAL INFORMATION ON THE COMPANY**

**(A) ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY**

17 July 2019

The Directors  
Mustang Energy PLC  
48 Chancery Lane  
London  
WC2A 1JF

Dear Sirs

**MUSTANG ENERGY PLC**

We report on the historic financial information set out in Section B Part XI (the "Financial Information") relating to Mustang Energy PLC ("the Company") set out in this Part XI of the prospectus (the "Document"). This information has been prepared for the inclusion in the Document dated 17 July 2019 relating to the proposed application for admission of Mustang Energy PLC to the Official List of the UK Listing Authority (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange plc's Main Market for listed securities and on the basis of the accounting policies set out in note 2. This report is given for the purpose of complying with Annex 1 item 20.1 of Commission Regulation (EC) No. 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibility**

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

It is our responsibility to form an opinion on the Financial Information, and to report our opinion to you. Save for any responsibility arising under Prospectus Rule 5.5.3R (2) (f) to any person as and to the extent there provided, to the fullest extent permitted by law we don't assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 to Commission Regulation (EC) No. 809/2004, consenting to its inclusion in the Document.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or error.

**Opinion**

In our opinion, the Financial Information gives, for the purpose of the Document dated 17 July 2019, a true and fair view of the state of affairs of Mustang Energy PLC as at 31 January 2019 and of its results, cash flows and changes in equity for then period then ended in accordance with IFRS as adopted by

the European Union and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. The declaration is included in the Document in compliance with Annex I item 1.2 of the Commission regulation (EC) No. 809/2004.

Yours faithfully

Wilson Wright LLP  
Chartered Accountants  
Thavies Inn House  
3-4 Holborn Circus  
London  
EC1N 2HA

**(B) HISTORICAL FINANCIAL INFORMATION OF THE COMPANY**

**STATEMENT OF COMPREHENSIVE INCOME**

**PERIOD ENDED 31 JANUARY 2019**

	<b>Period ended 31 January 2019</b>
	<u>£</u>
<b>Revenue</b>	-
Administrative expenses	(74,148)
<b>Operating loss and loss on ordinary activities before taxation</b>	<u>(74,148)</u>
Income tax expense	-
<b>Loss for the period</b>	<u>(74,148)</u>
Other comprehensive income for the period	-
<b>Total comprehensive loss for the period</b>	<u><u>(74,148)</u></u>
Total comprehensive loss attributable to:	
Equity holders of the Company	(74,148)
Non-controlling interests	-
	<u><u>(74,148)</u></u>

**STATEMENT OF FINANCIAL POSITION**

**PERIOD ENDED 31 JANUARY 2019**

	<b>Period ended 31 January 2019</b>
<b>Note</b>	<u>£</u>
<b>Non-current assets</b>	
Property, plant and equipment	902
<b>Current assets</b>	
Trade and other receivables	11,260
VAT	2,000
Total current assets	<u><u>13,260</u></u>



<b>Total assets</b>		<u>14,162</u>
<b>Current liabilities</b>		
Trade and other payable		<u>(88,310)</u>
Total liabilities		<u>(88,310)</u>
<b>Total assets less current liabilities</b>		<u>(74,148)</u>
<b>Net liabilities</b>		<u><u>(74,148)</u></u>
<b>Equity</b>		
Issued share capital	7	-
Retained earnings		(74,148)
Equity attributable to equity holders of the parent		<u>(74,148)</u>
Non-controlling interest		-
<b>Total equity</b>		<u><u>(74,148)</u></u>

## STATEMENT OF CHANGES IN EQUITY

### PERIOD ENDED 31 JANUARY 2019

	Note	Share capital £	Retained earnings £	Total £
<b>On incorporation on 17 January 2018</b>		-	-	-
Loss for the period		-	(74,148)	(74,148)
Share capital issued net of issue costs	7	-	-	-
<b>As at 31 January 2019</b>		<u>-</u>	<u>(74,148)</u>	<u>(74,148)</u>

The share capital account records the nominal value of shares issued.

Retained earnings represent accumulated profits less losses and distributions.

## STATEMENT OF CASH FLOWS

PERIOD ENDED 31 JANUARY 2019

	Period ended 31 January 2019 £
<b>Cash flow from operating activities</b>	
Loss for the period	(74,148)
Depreciation charge	258
<b>Operating cash flows before movements in working capital</b>	<u>(73,890)</u>
Increase in trade and other receivables	(13,260)
Increase in trade and other payables	88,310
<b>Net cash inflow from operating activities</b>	<u>75,050</u>
<b>Cash flow from investing operations</b>	
Purchase of property, plant and equipment	1,160
<b>Net cash inflow from investing activities</b>	<u>1,160</u>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at end of period</b>	<u>-</u>

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

PERIOD ENDED 31 JANUARY 2019

### 1. General

The Company was incorporated on 17 January 2018 in England and Wales as a public limited company, with liability limited by shares under the Companies Act 2006 with indefinite life.

The Company's registered number is 11155663 and its registered office is 48 Chancery Lane, London WC2A 1JF.

The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

### 2. Basis of preparation

The financial information has been prepared in accordance with IFRS as adopted by the European Union. The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement and complexity, or areas where assumptions or estimates are significant to the financial statements as disclosed in note 3.

The financial information is presented in British pounds, which is both the Company's presentational and functional currency.

This financial information of the Company has been prepared for the sole purpose of publication within this document. It has been prepared in accordance with the requirements of the Prospectus Rules for Companies of the London Stock Exchange Plc and has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations, as adopted by the European Union ("IFRS"), and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts under the Companies Act 2006.

The Financial Information has been prepared under the historical cost convention.

The Company has adopted all applicable IFRSs in force as at 31 January 2019.

At 31 January 2019, the following new and revised IFRSs relevant to the Company are issued but not yet effective:

- Amendments to References to the Conceptual Frameworks in IFRS Standards (effective date 1 January 2020) \*

\* Not yet endorsed for use in the EU.

The Directors are currently assessing the impact of these standards and interpretations on the financial statements. It is not anticipated that adoption of these standards and interpretations will have a material impact on the current financial position and performance of the Company.

## **2.1 Comparative figures**

No comparative figures have been presented as the financial information covers the period from incorporation on 17 January 2018 to the reporting date of 31 January 2019.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted and applied in the preparation of this Financial Information are set out below.

These have been consistently applied to all the years presented unless otherwise stated.

### **3.1 Functional and presentational currencies**

The financial information is presented in UK Sterling (£), rounded to the nearest £, which is also the currency of the primary economic environment in which the Company operates (its functional currency).

### **3.2 Going Concern**

The financial information is presented on the going concern basis.

The Directors have a reasonable expectation that the Company has adequate resources to

continue in operational existence for the foreseeable future, Thus the Directors adopt the going concern basis of accounting in preparing the financial information.

### **3.3 Taxation**

The Company is registered in England and Wales and is taxed at the company standard rate of 19%.

### **3.4 Financial Instruments**

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the Financial Information, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Loans and receivables**

All of the Company's financial assets fall into the loans and receivables category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets included in loans and receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the loss event has an impact on the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impaired debts are derecognised when they are assessed as uncollectible.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Financial liabilities**

All of the Company's financial liabilities fall into the other financial liabilities category.

#### **Other financial liabilities**

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

### **3.5 Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

Retained earnings include all current periods results as disclosed in the statement of comprehensive income.

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period.

There are no estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period.

## **5 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders, to provide benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, take other steps to increase share capital, or acquire debt facilities. The capital structure of the Company is managed and monitored by the Directors.

The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising issued capital and retained earnings. The Company is not subject of externally imposed capital requirements.

## **6 FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks which result from its operating activities. The Company's risk management is coordinated by its Directors and focuses on actively securing the Company's short to medium term cash flows by minimizing exposure to financial risks. The Company has not entered into any derivative transactions such as interest rate swaps.

### **6.1 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its liabilities as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecasts, and by matching the maturity profiles of assets and liabilities. The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and invest safely and profitably.

## **7 SHARE CAPITAL**

On 17 January 2018, the Company was incorporated and 3 Ordinary shares of £0.01 each were issued and fully paid for at par.

On 4 June 2018, 1 Ordinary share of £0.01 was issued and fully paid for at par.

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.

## **8 DIRECTORS' EMOLUMENTS**

No emoluments were paid to the Directors during the period under review. The Directors were the key management personnel.

## **9 EMPLOYEES**

The average monthly persons (including Directors) employed by the Company during the period was 3.

## **10 NATURE OF FINANCIAL INFORMATION**

The financial information presented above does not constitute statutory financial statements for the period under review.

## **11 RELATED PARTY DISCLOSURES**

At the reporting date £70,789 was due to D L Gallegos, a Director of the Company.

## **12 EVENTS AFTER THE REPORTING PERIOD**

On 15 July 2019, the Company issued 899,996 Ordinary Shares of £0.01 to the founders at £0.0025 each.

## PART XII TAXATION

### 1 General

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and published practice in the UK, which is subject to change, possibly with retrospective effect. The following summary does not constitute legal or tax advice and applies only to persons subscribing for New Ordinary Shares in the Placing as an investment (rather than as securities to be realised in the course of a trade) who are the absolute and direct beneficial owners of their Ordinary Shares (and the shares are not held through an Individual Savings Account or a Self-Invested Personal Pension) and who have not acquired their Ordinary Shares by reason of their or another person's employment. These comments may not apply to certain classes of person, including dealers in securities, insurance companies and collective investment schemes.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has assets or in the UK (or in any other country in which a subsidiary of the Company through which an Acquisition is made is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to Investors.

Prospective Investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence including the consequences of distributions by the Company, either on a liquidation or distribution or otherwise.

### 2 United Kingdom taxation

The following information is based on UK tax law, proposals announced in the 9 October 2018 Budget and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. Please note that announcements in the 9 October 2018 Budget are only proposals and have not yet been enacted in UK tax legislation. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

#### 2.1 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to prospective investors:

- (a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent. of any of the classes of shares in the Company; or
- (b) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (c) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK

taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

## 2.2 **Dividends**

Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers, and 38.1% for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

## 2.3 **Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10%, and for upper rate and additional rate taxpayers is 20%.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to taxable profits is currently 19% and will fall to 17% after 1 April 2020.

## 2.4 **Further information for Shareholders subject to UK income tax and capital gains tax**

### **"Transactions in securities"**

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

## 2.5 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

## 2.6 **Ordinary Shares held in certificated form**

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Ordinary Shares. Most investors will purchase existing Ordinary Shares using the CREST paperless clearance system and these acquisitions will be subject to SDRT at 0.5%. Where Ordinary Shares are acquired using paper (i.e. non-electronic settlement) Stamp Duty will become payable if the purchase consideration exceeds £1,000, but only if the document is in the UK.



**This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK tax issues is based on the laws and regulations in force as of the date of this Document and may be subject to any changes in UK law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his tax position or where he is resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult his professional adviser.**

**PART XIII**  
**ADDITIONAL INFORMATION**

**1 Responsibility**

The Directors, whose names appear on page 40 of this Document, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

**2 The Company**

- 2.1 The Company was incorporated with limited liability and an indefinite life under the laws of England and Wales under the Companies Act on 17 January 2018, with company number 11155663, under the name Mustang Energy PLC.
- 2.2 With effect from Admission, the Company will be subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been created, is the Companies Act.
- 2.4 The Company's registered office is at 48 Chancery Lane, London WC2A 1JF. The Company's telephone number is +61 416 220007.
- 2.5 As at 16 July 2019, the latest practicable date prior to publication of this Document, the Company did not have any subsidiaries nor did it own any shares in any company.

**3 Share Capital**

- 3.1 The issued Ordinary Shares of the Company at the date of this Document and following the Placing (assuming full subscription) is and will be as follows:

<b>Issued and fully paid prior to the Placing and Admission</b>	<b>Issued and fully paid following the Placing and Admission</b>
<b>Number of Ordinary Shares</b>	<b>Number of Ordinary Shares</b>
900,000	8,400,000

- 3.2 On incorporation of the Company, three fully paid subscriber Ordinary Shares were issued, credited as fully paid, to each of the Founders.
- 3.3 The following is a summary of the changes in the issued Ordinary Shares of the Company since its incorporation:
- (a) On 17 January 2018, the date of incorporation, the Company issued 3 Ordinary Shares in aggregate to the Founders at £0.01 each.
  - (b) On 4 June 2018, the Company issued 1 Ordinary Share credited as fully paid up to Peter Wale.
  - (c) On 15 July 2019, the Company issued 899,996 Ordinary Shares in aggregate to the Directors at £0.0025 each.
  - (d) By resolution of the Board at a meeting held on 17 July 2019, the pre-emption rights in the Articles were disapplied in respect of the issue of up to 7,500,000 Ordinary Shares (the "**Authority**").

- (e) Further to the Authority and pursuant to a resolution of the Board at a meeting held on 17 July 2019, the Company has (conditional on Admission) issued 7,500,000 Ordinary Shares in aggregate pursuant to the Placing to certain institutional and other investors at £0.10 each.
- 3.4 On Admission, the Company has agreed to grant certain warrants and options at the Placing Price, more details of which are contained in paragraphs 4, 14.4 and 14.6 below.
- 3.5 Save as disclosed in paragraph 4 of this Part XIII:
  - (a) no issued Ordinary Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
  - (b) no Ordinary Share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
  - (c) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Ordinary Share or loan capital of the Company;
  - (d) no persons have preferential subscription rights in respect of any Ordinary Share or loan capital of the Company or any subsidiary; and
  - (e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.
- 3.6 The Ordinary Shares will be listed on the Official List and will be traded on the Main Market of the London Stock Exchange. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- 3.7 The Company intends to grant options to subscribe for new Ordinary Shares from time to time to incentivise directors, employees and consultants at the discretion of the Directors and subject to the approval of the remuneration committee or, if such committee has not been established at the time, the Board. Options granted to subscribe for new Ordinary Shares in this manner will not exceed 10 per cent. of the issued Ordinary Shares from time to time without the prior approval of the Shareholders.
- 3.8 The Company has adopted an incentive plan under which it may award new Ordinary Shares to directors, employees and consultants pursuant to a standard share incentive scheme approved by the remuneration committee or, if such committee has not been established at the time, the Board. It is intended that any individual awards under the scheme will be subject to vesting and performance conditions. New Ordinary Shares under this plan will not exceed 10 per cent. of the Company's issued Ordinary Shares from time to time without the prior approval of the Shareholders.
- 3.9 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.

#### **4 Warrants and Options**

- 4.1 The number of Optiva Warrants and Options in issue at Admission will be as follows:

<b>Optiva Warrant / Option type</b>	<b>Number of Optiva Warrants / Options</b>	<b>Percentage of Enlarged Share Capital</b>	<b>Exercise price</b>	<b>Exercise period</b>	<b>Vesting Conditions</b>
Optiva Warrants	210,000	2.50%	10p	Admission to the third anniversary of Admission	N/A
Options	900,000	10.71%	10p	Admission to the fifth anniversary of Admission	The Options vest when the share price of the Ordinary Shares reaches 15p

4.2 Each Optiva Warrant will entitle Optiva to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Optiva Warrants will not be admitted to trading on the Official List but shall be freely transferable. Optiva must exercise any the Optiva Warrants within a three year period from Admission. The Optiva Warrants may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board.

4.3 On Admission, the Company will grant 630,000 Options to Dean Gallegos, 90,000 Options to Alan Broome, 90,000 Options to Peter Wale and 90,000 Options to Simon Holden. Each Option entitles the respective Option Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Options vest when the share price of the Ordinary Shares reaches 15p. The Option Holders must exercise the Options within a five year period from Admission, subject to the Options having vested.

4.4 Should Option Holders choose not to exercise their Options, they would likely face dilution in that their percentage ownership of the Company would fall if other Option Holders choose to exercise their Options.

## 5 Summary of the Articles

Set out below is a summary of the provisions of the Articles. A copy of the Articles is available for inspection at the address specified in paragraph 2.4 of this Part XIII of this Document.

### (a) *Share Capital*

The Company's share capital currently consists of Ordinary Shares. The liability of the members of the Company is limited to the amount, if any, unpaid on the Ordinary Shares held by them. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution or as the Board shall determine, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

### (b) *Voting*

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

### (c) *Dividends*

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not

exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and revert to the Company. The Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

(d) *Transfer of Ordinary Shares*

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system (as defined in the CREST Regulations) in such manner provided for, and subject as provided in, the CREST Regulations.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is only for one class of share;
- (ii) it is in favour of no more than four joint transferees;
- (iii) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (iv) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Board will not exercise such discretion if it would conflict with the Listing Rules.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the CREST Regulations and the relevant system (as defined in the CREST Regulations).

(e) *Allotment of shares and pre-emption rights*

Subject to the Companies Act and the Articles and in accordance with section 551 of the Companies Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined in the Companies Act):

- (i) in accordance with a rights issue;

- (ii) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

(f) *Directors*

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the first annual general meeting all Directors shall retire from office and may offer themselves for re-appointment by the Shareholders by ordinary resolution. At every subsequent annual general meeting any director who:

- (i) has been appointed by the Directors since the last annual general meeting; or
- (ii) was not appointed or re-appointed at one of the preceding two annual general meetings,

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed such amount as may from time to time be decided by ordinary resolution of the Company. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

(g) *General meetings*

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(h) *Borrowing Powers*

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;
- (iii) mortgage or charge;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(i) *Capitalisation of profits*

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

(j) *Uncertificated Shares*

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system (as defined in the CREST Regulations) without a certificate.

The Directors may take such steps as they see fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

(k) *Winding Up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide among the Shareholders in specie any whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division should be carried out as between the Shareholders or different classes of Shareholder. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

## 6 Directorships and Partnerships

In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
<b>Alan Broome</b>	B&H Consulting & Engineering Pty Ltd Micromine Pty Ltd Broome Family Investment Co Pty Ltd New Age Exploration Limited Rarus Pty Ltd CRL Australia Pty Ltd Stone Cottage Vineyard Pty Ltd Ocean Guardian Limited Strategic Minerals plc Central Australian Rare Earths Pty Ltd Mining Excellence Alliance Pty Ltd Mining Excellence Alliance (Processing) Pty Ltd DDH 1 Drilling Pty Ltd DDH1 Holdings Pty Ltd Tait Electronics (Aust) Pty Ltd	Austmine Pty Ltd Calbac Pty Ltd CB3 Mine Services Pty Ltd
<b>Dean Gallegos</b>	N/A	Alpha Energy Holdings Limited Metal Storm Limited Brooks Range Petroleum Inc. Caracol Petroleum LLC JK North Slope LLC JK North Slope SRL Bligh Energy Partners Pty Ltd HG3 Capital Pty Ltd GM Resources Pty Ltd Tambour Capital Pty Ltd Rarus Pty Ltd
<b>Peter Wale</b>	Strategic Minerals plc Cornwall Resources Limited	Habrok Capital Management LLP InfraStrata plc
<b>Simon Holden</b>	LF Technology Development Corporation Limited SCP Investment Partners Ltd	Lester Aldridge LLP The Khan Partnership LLP Ceres Management Limited



Any Other Business Enterprises LLP	TNH Enterprises Limited
PICPICID Limited	Sanafortis Biotech Ltd
VAT Bridge Limited	Owaste (UK) Limited
Golden Sky Advisory Limited	
Brightlane Corp.	

## 7 Directors' Confirmations

- 7.1 Save as disclosed below, as at the date of this Document none of the Directors:
- has any convictions in relation to fraudulent offences for at least the previous five years;
  - has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or
  - has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.
- 7.2 On 8 November 2017, Mr Gallegos entered into a personal insolvency agreement (the "PIA") governed by Australian law, pursuant to which he reached an agreement with his historical personal creditors, including the Australian Taxation Office, to pay all outstanding amounts owed to them at a reduced amount. The PIA is akin to an individual voluntary arrangement under English law. Mr Gallegos fully discharged all his obligations under the PIA, and a certificate of completion confirming the same was issued by the trustees, who were appointed to oversee the administration of the settlement arrangements under the PIA, on 17 July 2018.
- 7.3 Save as disclosed in this Document (in relation to the Directors' roles with other companies), the Directors do not currently have any potential conflicts of interest between their duties to the Company and their private interests or other duties that they may also have.

## 8 Directors' and other interests

- 8.1 Save as disclosed in this paragraph 8, none of the Directors nor any member of their immediate families has or will have on or following Admission any interests (beneficial or non-beneficial) in the Ordinary Shares of the Company.

Name	As at the date of this Document		Immediately following the Placing and Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
<b>Dean Gallegos</b>	630,000	70.00%	1,630,000	19.40%
<b>Peter Wale</b>	90,000	10.00%	340,000	4.05%
<b>Simon Holden</b>	90,000	10.00%	340,000	4.05%
<b>Alan Broome</b>	90,000	10.00%	140,000	1.67%

- 8.2 Save as disclosed in paragraph 8.1 above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- 8.3 As described in paragraph 2.2 of Part VIII, Mr Gallegos has subscribed in the Placing for 1,000,000 Ordinary Shares at £0.10 per Ordinary Share. Mr Wale and Mr Holden have each subscribed in the Placing for 250,000 Ordinary Shares at £0.10 per Ordinary Share. Mr Broome has subscribed in the Placing for 50,000 Ordinary Shares at £0.10 per Ordinary Share.

- 8.4 Save for the Directors and their connected persons (within the meaning of section 252 of the Companies Act), at the date of this Document and immediately following the Placing, so far as the Directors are aware, no person is directly or indirectly interested in more than three per cent. of the issued Ordinary Shares other than as set out below:

Shareholders	As at the date of this Document		Immediately following the Placing and Admission	
	Number of Ordinary Shares	Percentage of issued shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
The Australian Special Opportunity Fund, LP	Nil	Nil	1,000,000	11.90%
Clive Richards	Nil	Nil	500,000	5.95%
Curtis Burton	Nil	Nil	500,000	5.95%
Group Seventy Three Pty Ltd	Nil	Nil	500,000	5.95%
Shore Capital Limited	Nil	Nil	500,000	5.95%
Jonas & Catherine Chow	Nil	Nil	300,000	3.57%
Helen Leighton	Nil	Nil	300,000	3.57%
Adrian Whitaker	Nil	Nil	300,000	3.57%

- 8.5 Immediately following Admission, as a result of the Placing, the Directors expect that a number of persons will have an interest, directly or indirectly, in at least five per cent. of the voting rights attached to the Company's issued Ordinary Shares. Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure and Transparency Rules, and such interests will be notified by the Company to the public.
- 8.6 As at 16 July 2019 (the latest practicable date prior to the publication of this Document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 8.7 Those interested, directly or indirectly, in three per cent. or more of the issued Ordinary Shares of the Company do not now, and, following the Placing and Admission, will not, have different voting rights from other holders of Ordinary Shares.

## 9 Directors' Letters of Appointment

### 9.1 Letter of Appointment – Alan Broome

Pursuant to a letter of appointment dated 17 July 2019 between the Company and Alan Broome, Mr Broome is engaged as Non-Executive Chairman for an initial term of 12 months. Mr Broome will not draw any fees until the completion of an Acquisition. If Mr Broome is asked to remain as a Director following completion of an Acquisition, his further appointment will be subject to an agreement being reached between him and the Company of an annual fee commensurate with a director of his standing and which is comparable to what other companies similar to the Company pay directors in a similar role. The appointment can be terminated by either party on six months' written notice.

### 9.2 Letter of Appointment – Dean Gallegos

Pursuant to a letter of appointment dated 17 July 2019 between the Company and Dean Gallegos, Mr Gallegos is engaged as Managing Director for an initial term of 12 months. Mr Gallegos will not draw any fees until the completion of an Acquisition. If Mr Gallegos is asked to remain as a Director following completion of an Acquisition, his further appointment will be

subject to an agreement being reached between him and the Company of an annual fee commensurate with a director of his standing and which is comparable to what other companies similar to the Company pay directors in a similar role. The appointment can be terminated by either party on six months' written notice.

### 9.3 **Letter of Appointment – Peter Wale**

Pursuant to a letter of appointment dated 17 July 2019 between the Company and Peter Wale, Mr Wale is engaged as a Non-Executive Director for an initial term of 12 months. Mr Wale will not draw any fees until the completion of an Acquisition. If Mr Wale is asked to remain as a Director following completion of an Acquisition, his further appointment will be subject to an agreement being reached between him and the Company of an annual fee commensurate with a director of his standing and which is comparable to what other companies similar to the Company pay directors in a similar role. The appointment can be terminated by either party on six months' written notice.

### 9.4 **Letter of Appointment – Simon Holden**

Pursuant to a letter of appointment dated 17 July 2019 between the Company and Simon Holden, Mr Holden is engaged as a Non-Executive Director for an initial term of 12 months. Mr Holden will not draw any fees until the completion of an Acquisition. If Mr Holden is asked to remain as a Director following completion of an Acquisition, his further appointment will be subject to an agreement being reached between him and the Company of an annual fee commensurate with a director of his standing and which is comparable to what other companies similar to the Company pay directors in a similar role. The appointment can be terminated by either party on six months' written notice.

## 10 **Working capital**

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, that is for at least the 12 months from the date of this Document.

## 11 **Significant change**

- 11.1 There has been no significant change in the trading or financial position of the Company since 31 January 2019, being the date as at which the financial information contained in "Part XI – Financial Information on the Company" has been prepared.

## 12 **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

## 13 **City Code**

The City Code will apply to the Company following Admission.

The City Code is issued and administered by the Takeover Panel. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "**Directive**"). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the City Code which are derived from the Directive now have a statutory basis.

The City Code applies to all takeovers and merger transactions, however effected, where inter alia, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands, if the company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The City Code will therefore apply to the Company from Admission and its Shareholders will be entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, where: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% but not more than 50% of the voting rights of such a company, if such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, he, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.

Save where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

## **14 Material contracts**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document.

### **14.1 Letter of Engagement of Optiva**

On 22 March 2019, the Company engaged Optiva as its broker and placing agent in connection with the proposed Admission. Subject to Admission occurring, Optiva shall be appointed as retained broker of the Company for an annual fee of £25,000 per annum plus VAT (if applicable).

Optiva is entitled to receive a 6 per cent. placing commission fee for the funds introduced or raised by Optiva in regard to the Placing, and a 1 per cent. handling fee for funds not introduced or raised by Optiva, where Optiva has sent out the placing letters and/or subscription agreements. Optiva will also be issued warrants in the Company.

The standard terms and conditions are incorporated into this letter of engagement and it contains certain indemnities given by the Company in favour of Optiva.

Further details of the warrants are set out in paragraph 14.4 of this Part XIII.

### **14.2 Broker Agreement with Optiva**

The Company has appointed Optiva as its broker by way of a Broker Agreement entered into on 22 March 2019. In consideration of Optiva providing broking services to the Company (and other services ancillary to the Admission), the Company has agreed to pay Optiva an annual fee of £25,000 per annum plus VAT (if applicable), as set out in paragraph 14.1 of this Part XIII above. The Company has provided customary undertakings and indemnities to Optiva.

The Broker Agreement will remain in place for a minimum period of 12 months from the date of Admission and continues until terminated by either party giving not less than three months' notice.

### **14.3 Registrar Agreement**

The Company and the Registrar have entered into the Registrar Agreement dated 11 July 2018 pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs.

The Registrar is entitled to receive an annual register maintenance fee on open accounts of £1.60 per shareholder per annum (with a minimum charge of £500.00 per quarter) for the provision of its services under the Registrar Agreement. In addition to the register maintenance fee, the Registrar is entitled to other standard fees including transfer activity fees, initial shareholder loading fees and fees for dealing with dividend payments. The Registrar is also entitled to reimbursement for all out-of-pocket expenses incurred by it in the performance of its services.

The Registrar Agreement shall continue for an initial period of 12 months and thereafter unless and until terminated upon written notice by either party, by giving not less than six months' written notice. In addition, either party may terminate the Registrar Agreement in the event of:

- (i) a persistent or material breach by the other party of any of the terms of this Agreement;
- (ii) a resolution being passed for the winding up of the other party; or
- (iii) an administrator or administrative receiver being appointed over the other party or its assets or undertaking.

With the exception of fraud, negligence or wilful default by the Registrar (or its employees or agents), the Company has agreed to indemnify the Registrar against all actions, proceedings, costs, claims, demands and liabilities which may be brought against or incurred or suffered (either directly or indirectly) by the Registrar arising out of or in connection with any of the services provided by the Registrar under the Registrar Agreement.

#### **14.4 *Optiva Warrant Instrument***

The Company executed a warrant instrument on 17 July 2019, whereby the Company agreed to grant Optiva warrants to subscribe for 210,000 new Ordinary Shares exercisable at 10p per Ordinary Share at any time from the date of Admission for three years. Optiva were granted warrants equal in value to the 6 per cent. placing commission fee as detailed in their letter of engagement and referred to at paragraph 14.1 above.

#### **14.5 *Lock-In and Orderly Market Agreement with Directors***

The Lock-In and Orderly Market Agreement was entered into on 17 July 2019 between the Company, Optiva, and the Directors, pursuant to which the Directors have undertaken to the Company and Optiva that they procure they will not sell or dispose, except in certain limited circumstances, any of their respective interests in Ordinary Shares at any time for a period of 12 months from the date of Admission and the Directors will be subject to orderly market arrangements during the following 12 months after the initial lock-in period.

#### **14.6 *Option Deeds***

On 17 July 2019, the Company and the Optionholders entered into the Option Deeds which granted the Options to the Optionholders, pursuant to which each Option entitles the Option Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Options vest when the share price of the Ordinary Shares reaches 15p. The Option Holders must exercise the Options within a five year period from Admission, subject to the Options having vested.

#### **15 *Related party transactions***

From 17 January 2018 (being the Company's date of incorporation) up to and including the date of this Document, the Company has not entered into any related party transactions other than the Directors' Letters of Appointment referred to in paragraph 9 above.

#### **16 *Accounts and annual general meetings***

The Company's annual report and accounts will be made up to 31 January in each year, with the first annual report and accounts covering the period from incorporation to 31 January 2019. It is expected that the Company will make public its annual report and accounts within six months of each financial year end (or earlier if possible) and that copies of the annual report

and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible). The Company will prepare its first unaudited interim report for the six month period ending 31 July 2019. The Company will prepare its unaudited interim report for each six month period ending 31 July thereafter. It is expected that the Company will make public its unaudited interim reports within two months of the end of each interim period.

The Company shall hold the first annual general meeting within a period of 18 months following the date of an Acquisition. Further information on annual general meetings is contained in paragraph 5 above.

## **17 Issues of new Ordinary Shares**

The Directors are authorised to issue an unlimited number of Ordinary Shares. The pre-emption rights in the Articles have been disapplied in respect of the issue of up to 7,500,000 Ordinary Shares and, therefore, statutory pre-emption rights do not apply. However, there are certain restrictions on the issue of Ordinary Shares as set out in paragraph 5(e) above.

## **18 General**

- 18.1 Wilson Wright LLP has given and has not withdrawn its consent to the inclusion in this Document of "Part X – Share Capital, Liquidity and Capital Resources and Accounting Policies" and its accountants' report in "Part XI – Financial Information on the Company" each in the form and context in which it is included and has authorised the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 18.2 Optiva Securities Limited is acting as broker and placing agent to the Company in relation to the Placing and has given and not withdrawn its written consent to the issue of this Document with the inclusion of its name and references to it in the form and context in which they appear.
- 18.3 The Company has not had any employees since its incorporation and does not own any premises.
- 18.4 The total expenses incurred (or to be incurred) by the Company in connection with the Placing, the Pre-IPO Subscriptions and Admission are approximately £150,000. The estimated Net Proceeds, after deducting fees and expenses in connection with the Placing, the Pre-IPO Subscriptions and Admission are approximately £600,000.

## **19 Availability of this Document**

- 19.1 Copies of this Document may be collected, free of charge during normal business hours, from the registered office of the Company.
- 19.2 In addition, this Document will be published in electronic form and be available on the Company's website at [www.mustangplc.com](http://www.mustangplc.com) subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

## **20 Documents for inspection**

Copies of the following documents may be inspected at the registered office of the Company, 48 Chancery Lane, London WC2A 1JF, and the office of the Company during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until the Placing closes:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the accountants' report by Wilson Wright LLP on the historical financial information of Mustang Energy PLC for the period ended 31 January 2019 set out in "Part XI – Financial Information on the Company";
- (c) the material contracts outlined in paragraph 14 of this "Part XIII – Additional Information";

- (d) the letters of consent referred to in paragraphs 18.1 and 18.2 of this "Part XIII – Additional Information"; and
- (e) this Document.

The date of this Document is 17 July 2019.

**PART XIV**  
**NOTICES TO INVESTORS**

The distribution of this Document and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**1 General**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA as a prospectus for the purposes of section 85 of FSMA, and of the Prospectus Directive. No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in any EEA state (or in any other jurisdiction). Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below.

**2 For the attention of European Economic Area Investors**

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendments, thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.



During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the EEA, this Document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the EEA in which such offer or invitation would be unlawful.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions.

### **3 For the attention of UK Investors**

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

In the United Kingdom this Document is for distribution to, and is directed only at, legal entities which are qualified investors as defined under the Prospectus Directive and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise be lawfully distributed under the Order, (all such persons together being "**Relevant Persons**"). In the United Kingdom, any investment or investment activity to which this Document relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this Document or any of its contents.

**PART XV**  
**DEFINITIONS**

The following definitions apply throughout this Document unless the context requires otherwise:

<b>Acquisition or Acquisitions</b>	the initial acquisition by the Company or by any subsidiary thereof (which may be in the form of a merger, capital stock exchange, asset acquisition, stock purchase, scheme of arrangement, reorganisation or similar business combination) of an interest in an operating company or business or asset(s) as described in "Part VII — The Company's Strategy" (and, in the context of the Acquisition, references to a company without reference to a business and references to a business without reference to a company shall in both cases be construed to mean both a company or a business).
<b>Admission</b>	admission of the Ordinary Shares to the standard segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange.
<b>AIM</b>	the market of that name operated by the London Stock Exchange.
<b>Articles of Association or Articles</b>	the articles of association of the Company in force from time to time.
<b>Broker Agreement</b>	the broker agreement dated 22 March 2019 between the Company and Optiva. Further details are set out in paragraph 14.2 of "Part XIII – Additional Information".
<b>Business Day</b>	a day (other than a Saturday or a Sunday) on which banks are open for business in the City of London.
<b>certificated or in certificated form</b>	in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST).
<b>Chairman</b>	Alan Broome, or the Chairman of the Board from time to time, as the context requires, provided that such person was independent on appointment for the purposes of the UK Corporate Governance Code.
<b>City Code</b>	the City Code on Takeovers and Mergers.
<b>Companies Act</b>	the Companies Act 2006, as amended.
<b>Company or Issuer</b>	Mustang Energy PLC, a company incorporated with limited liability in England and Wales under the Companies Act on England and Wales under company number 11155663.
<b>CREST or CREST System</b>	the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments.
<b>CREST Regulations</b>	The Uncertified Securities Regulations 2001 ( <i>SI 2001 No. 3755</i> ), as amended.

<b>Directors or Board or Board of Directors</b>	the directors of the Company, whose names appear in "Part VIII — The Company, The Board and the Acquisition Structure", or the board of directors from time to time of the Company, as the context requires, and " <b>Director</b> " is to be construed accordingly.
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules of the FCA made pursuant to section 73A of FSMA, as amended.
<b>Document or this Document</b>	this document comprising a prospectus relating to the Company prepared in accordance with the Prospectus Rules made under section 73A of FSMA and approved by the FCA under section 87A of FSMA.
<b>EEA</b>	the European Economic Area.
<b>EEA States</b>	the member states of the European Union and the European Economic Area, each an "EEA State".
<b>Enlarged Share Capital</b>	8,400,000 Ordinary Shares, being the Existing Shares and the New Ordinary Shares.
<b>EU</b>	the Member States of the European Union.
<b>Euroclear</b>	Euroclear UK & Ireland Limited.
<b>Existing Shares</b>	900,000 existing Ordinary Shares in issue prior to the Placing and as at the date of this Document.
<b>FCA</b>	the UK Financial Conduct Authority.
<b>Founders</b>	Dean Gallegos, Alan Broome and Peter Wale.
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended.
<b>general meeting</b>	a meeting of the Shareholders of the Company.
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union.
<b>Independent Directors</b>	those Directors of the Board from time to time considered by the Board to be independent for the purposes of the UK Corporate Governance Code (or any other appropriate corporate governance regime complied with by the Company from time to time) together with the chairman of the Board provided that such person was independent on appointment for the purposes of the UK Corporate Governance Code (or any other appropriate corporate governance regime complied with by the Company from time to time).
<b>Investor</b>	a person who confirms his or her agreement to the Company to subscribe for New Ordinary Shares under the Placing.
<b>Letters of Appointment</b>	the letters of appointment for each of the Directors, details of which are set out in paragraph 9 of "Part XIII – Additional Information".
<b>Listing Principles</b>	the listing principles set out at Chapter 7 of the Listing Rules.

<b>Listing Rules</b>	the listing rules of the FCA made pursuant to section 73A, as amended.
<b>London Stock Exchange</b>	London Stock Exchange plc.
<b>Main Market</b>	the Main Market of the London Stock Exchange.
<b>Market Abuse Regulation</b>	Regulation (EU) No 596/2014 on market abuse.
<b>Memorandum of Association or Memorandum</b>	the memorandum of association of the Company in force from time to time.
<b>Net Proceeds</b>	the estimated funds received on closing of the Pre-IPO Subscriptions and the Placing (as described in paragraph 3.3 of Part XIII of this Document), less any expenses paid or payable in connection with Admission and the Placing of the Company.
<b>New Ordinary Shares</b>	new Ordinary Shares issued pursuant to the Placing on the terms and subject to the conditions in this Document.
<b>Official List</b>	the official list maintained by the UK Listing Authority.
<b>Option Deeds</b>	the option deeds executed by the Company and the Option Holders granting the Options, further details of which are set out at paragraphs 4 and 14.6 of Part XIII of this Document.
<b>Option Holders</b>	Dean Gallegos, Alan Broome, Peter Wale and Simon Holden.
<b>Options</b>	900,000 options to subscribe for Ordinary Shares at the Placing Price per Ordinary Share and granted respectively to the Option Holders, further details of which are set out at paragraphs 4 and 14.6 of Part XIII of this Document.
<b>Optiva or Placing Agent</b>	Optiva Securities Limited, Broker and Placing Agent to the Company and which is authorised and regulated by the FCA.
<b>Ordinary Shares</b>	the ordinary shares of £0.01 each in the capital of the Company including, if the context requires, the New Ordinary Shares.
<b>Optiva Warrant Instrument</b>	the warrant instrument executed by the Company constituting the Optiva Warrants, details of which are set out at paragraph 14.4 of Part XIII of this Document.
<b>Optiva Warrants</b>	210,000 warrants created pursuant to the Optiva Warrant Instrument, issued by the Company to subscribe for new Ordinary Shares on the terms and conditions set out in the Optiva Warrant Instrument.
<b>Placing</b>	the proposed placing of 7,500,000 New Ordinary Shares by Optiva on behalf of the Company at the Placing Price and on the terms and subject to the conditions set out in this Document.
<b>Placing Letters</b>	the placing letters from the Company to Investors dated 12 July 2019 inviting irrevocable conditional applications for subscription for New Ordinary Shares pursuant to the Placing.
<b>Placing Price</b>	£0.10 per New Ordinary Share.
<b>Pounds Sterling or £</b>	British pounds sterling, the lawful currency of the UK.

<b>Pre-IPO Subscriptions</b>	means: <ul style="list-style-type: none"> <li>(i) the Founders' subscription of 3 Ordinary Shares at £0.01 each (as detailed in paragraph 3.3(a) of Part XIII of this Document);</li> <li>(ii) Peter Wale's subscription of 1 Ordinary Share at the price of £0.01 (as detailed in paragraph 3.3(b) of Part XIII of this Document); and</li> <li>(iii) the Directors' subscription of 899,996 Ordinary Shares at £0.01 each (as detailed in paragraph 3.3(c) of Part XIII of this Document).</li> </ul>
<b>Premium Listing</b>	a listing on the Premium Listing Segment of the Official List under Chapter 6 of the Listing Rules.
<b>Prospectus Directive</b>	Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state), and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC.
<b>Prospectus Rules</b>	the prospectus rules of the FCA made pursuant to section 73A of FSMA, as amended.
<b>Registrar</b>	Share Registrars Limited or any other registrar appointed by the Company from time to time.
<b>Registrar Agreement</b>	the registrar agreement dated 11 July 2018 between the Company and the Registrar, details of which are set out in paragraph 14.3 of "Part XIII — Additional Information".
<b>Regulatory Information Service</b>	a regulatory information service authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies.
<b>Reverse Takeover</b>	a transaction defined as reverse takeover under Listing Rule 5.6.4.
<b>Shareholders</b>	the holders of the Ordinary Shares and/or New Ordinary Shares, as the context requires.
<b>Standard Listing</b>	a listing on the Standard Listing Segment of the Official List under Chapter 14 of the Listing Rules.
<b>Takeover Panel</b>	the UK Panel on Takeovers and Mergers.
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time.
<b>UK Listing Authority or UKLA</b>	the FCA in its capacity as the competent authority for listing in the UK pursuant to Part VI of FSMA.
<b>uncertified or uncertified form</b>	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST.

<b>Undertaking or Undertakings</b>	shall have the meaning given in paragraph 7 of "Part VII – The Company's Strategy".
<b>United Kingdom or UK</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>United States or US</b>	the United States of America.