

Loan Note Instrument

constituting up to £200,000 10 per cent. Convertible Loan Notes

Mustang Energy PLC

Dated 22 November 2023

THIS INSTRUMENT is made on 22 November 2023 by Mustang Energy PLC (Company No. 11155663) whose registered office is at 48 Chancery Lane, c/o Keystone Law, London WC2A 1JF (the "Company").

Background:

The Directors have by a resolution passed on 22 November 2023 created up to £200,000 10 per cent. Convertible Loan Notes and have agreed to constitute the same in the manner and upon the terms and conditions contained in this Instrument.

This Instrument witnesses as follows:

1. Definitions and interpretation

1.1 In this Instrument, unless the context otherwise requires, the following definitions shall apply:

"**Adjustment Event**" has the meaning set out in Condition 3.1.

"**Articles**" mean the articles of association of the Company, as amended or superseded from time to time.

"**Auditors**" mean the auditors of the Company from time to time.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks and financial institutions are open for business in London.

"**CA 2006**" means the Companies Act 2006.

"**Certificates**" means the certificates issued as deeds by the Company in respect of the Loan Notes in the form or substantially the form set out in Part 1 of Schedule 1; and "**Certificate**" shall mean any one of them.

"**Code**" means The City Code on Takeovers and Mergers as published by The Panel on Takeover and Mergers (the "**Panel**") from time to time.

"**Completion**" means completion of the issue of the Loan Notes in accordance with this Instrument.

"**Conditions**" mean the conditions subject to and with the benefit of which the Loan Notes shall be held, as set out in Schedule 2; and "**Condition**" shall mean any one of them.

"**Controlling Interest**" means an interest (within the meaning of sections 820 and 825 of the CA 2006) in Shares conferring in aggregate more than 50 per cent. of the total voting rights conferred by all of the Shares in for the time being in issue.

"**Conversion Date**" means the date on which the Conversion Notice is served in accordance with Condition 2.1.

"**Conversion Notice**" means the notice of conversion in the form, or substantially in the form, as set out in Part 2 of Schedule 1.

"**Conversion Rate**" means the maximum number of Shares which are able to be converted hereunder (rounded down to the nearest whole number) which shall be calculated by dividing the nominal value of the Loan Notes to be converted (as outstanding from time to time) and divided by £0.06.

"**CREST**" means the paperless settlement system operated by Euroclear UK & Ireland Limited enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments.

"**Directors**" mean the directors for the time being of the Company.

"**Event of Default**" has the meaning set out in Condition 5.2.

"Extraordinary Resolution" has the meaning set out in Condition 9.2.

"Family Trust" means a trust of which the only trustees are a Noteholder or a Privileged Relation or a professional trustee company under which no immediate beneficial interest in the Loan Notes in question is for the time being or may in the future be vested in any person other than the Noteholder concerned or a Privileged Relation of such Noteholder.

"FCA" means the Financial Conduct Authority.

"Instrument" means this instrument constituting the Loan Notes.

"Interest Rate" means a fixed rate of 10 per cent. per annum.

"Loan Notes" mean the 10 per cent. Convertible Loan Notes constituted by this Instrument or, as the case may require, any part of them for the time being issued and outstanding.

"London Stock Exchange" means London Stock Exchange plc.

"Noteholders" mean the person(s) to whom Loan Notes are issued pursuant to this Instrument (or subsequently transferred in accordance with the provisions of this Instrument); and **"Noteholder"** means any of them.

"Principal Redemption Date" has the meaning set out in Condition 5.1(a).

"Privileged Relation" means a relation to a Noteholder, the spouse (or widow or widower) of the Noteholder and his lineal descendants and for the purposes of the aforesaid, a step-child or adopted child or illegitimate child of any Noteholder shall be deemed to be a lineal descendant of such Noteholder.

"Readmission" means the readmission of the Company's enlarged issued 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 following the completion of a Reverse Takeover.

"Readmission Longstop Date" means 31 May 2024.

"Register" means the register of Loan Notes maintained pursuant to clause 4.

"Reverse Takeover" means a reverse takeover conducted or otherwise undertaken by the Company (as such term is defined in the FCA's Listing Rules, as in force from time to time).

"Sale" means the sale or other disposal (whether by a single transaction or a series of related transactions) of the entire issued share capital of the Company or the transfer of a Controlling Interest.

"Shares" mean the fully paid ordinary shares of £0.01 each in the capital of the Company.

"Standard List" means the Standard List of the London Stock Exchange's main market for listed securities.

1.2 Interpretation

In this Instrument, unless the context otherwise requires:

- (a) words in the singular include the plural and vice versa and words in one gender include any other gender;
- (b) a reference to a statute or statutory provision includes:
 - (i) any subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) made under it; and
 - (ii) any statute or statutory provision which modifies, consolidates, re-enacts or

supersedes it;

- (c) a reference to:
 - (i) a "**person**" includes any individual, firm, body corporate, association or partnership, government or state (whether or not having a separate legal personality); and
 - (ii) clauses and Schedules are to the clauses of and the Schedules to this Instrument and references to paragraphs are references to paragraphs of the Schedule in which they appear (save for Schedule 2 where references are to Conditions rather than paragraphs);
- (d) except as set out in clause 1.1, terms defined in the CA 2006 have the meanings attributed to them by that Act; and
- (e) the headings are for convenience only and shall not affect the interpretation of this Instrument.

2. Issue of the Loan Notes

- 2.1 The nominal amount of each Loan Note is £50,000 and the aggregate principal amount of all the Loan Notes is limited to £200,000.
- 2.2 All the Loan Notes shall rank *pari passu* equally and rateably without discrimination or preference.
- 2.3 Each Noteholder or the joint holders of any of the Loan Notes shall be entitled to receive (without charge) a Certificate executed as a deed by the Company for the amount of Loan Notes held by him or them provided that joint holders of Loan Notes will only be entitled to receive one Certificate in respect of their joint holding and delivery of a Certificate to the first-named joint holder of several joint holders set out in the Register shall be sufficient delivery to all such joint holders. Every Certificate for the Loan Notes shall be in the form or substantially in the form set out in Part 1 of Schedule 1 and shall have endorsed thereon or attached thereto a copy of Schedule 2. Where a Noteholder transfers part only of the Loan Notes comprised in a Certificate, the old Certificate shall be cancelled and a new Certificate for the balance of such Loan Notes issued without charge.
- 2.4 The Loan Notes shall be issued subject to and with the benefit of the Conditions and such Conditions shall be binding on the Company and the Noteholders and all persons claiming through or under them.

3. Transfer

The Loan Notes shall be transferable in accordance with the provisions of Condition 6.

4. Register of Noteholders

- 4.1 The Company shall keep or cause to be kept and maintain the Register showing:
 - (a) the names and addresses of the holders for the time being of the Loan Notes;
 - (b) the principal amount of the Loan Notes held by every registered holder and the principal moneys paid up thereon;
 - (c) the date upon which the name of such holder is entered in respect of such Loan Notes;
 - (d) the serial number of each Certificate and its date of issue; and
 - (e) the date on which a person ceased to hold the Loan Notes.

4.2 Any change of name or address on the part of any Noteholder shall forthwith be notified to the Company and thereupon the Company shall promptly amend the Register accordingly.

5. Payments

5.1 The Loan Notes shall be repaid in accordance with the Conditions.

5.2 All Loan Notes repaid by the Company shall be automatically and immediately cancelled and shall not be reissued.

5.3 If any Noteholder shall fail or refuse to receive or collect any payments of principal in respect of any Loan Notes then such non-receipt of payment by such Noteholder of principal in respect of the Loan Notes shall not be or be deemed to be a failure by the Company to make payment on the due date. No payments of principal shall be made to any Noteholder who refuses both to surrender his Certificate and to provide an indemnity in lieu of it in a form reasonably satisfactory to the Company.

6. Meetings of Noteholders

Meetings of Noteholders may be convened in accordance with the provisions of Schedule 3 and shall be competent to pass Extraordinary Resolutions and to exercise all the powers as referred to therein. Without prejudice to the generality of the foregoing, the Noteholders, by way of Extraordinary Resolution, shall have power to:

- (a) sanction any compromise or arrangement proposed to be made between the Company and the Noteholders or any of them;
- (b) sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of the rights of the Noteholders against the Company whether such rights shall arise under this Instrument or otherwise;
- (c) sanction any proposal by the Company for the exchange or substitution for the Loan Notes of, or the conversion of the Loan Notes into, shares, stock, bonds, debentures, debenture stock, warrants or other obligations or securities of the Company or any other body corporate formed or to be formed;
- (d) assent to any modification or the conditions to which the Loan Notes are subject and/or the provisions contained in this Instrument which shall be proposed by the Company;
- (e) authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- (f) discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under this Instrument; and
- (g) give any authority, direction or sanction which under the provisions of this Instrument is required to be given by Extraordinary Resolution.

7. Variation and third party rights

7.1 No variation of this Instrument shall be permitted without the consent in writing of all the Noteholders or in accordance with Condition 9.

7.2 No term or Condition of this Instrument or any Loan Note is enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any person who is not a Noteholder or the Company or any of their permitted successors, assigns or transferees.

8. Miscellaneous

8.1 No application has been or is intended to be made to any stock exchange or other market for the Loan Notes to be listed or otherwise traded.

8.2 The provisions contained in the Schedules to this Instrument shall have effect in the same manner as if they were herein set forth.

8.3 This Instrument shall enure for the benefit of all persons for the time being registered as holders of any of the Loan Notes each of whom may sue for the performance and observance of the provisions hereof so far as his holding is concerned.

9. Governing law and jurisdiction

9.1 This Instrument and the Loan Notes and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

9.2 The Company and the Noteholders irrevocably submit for all purposes in connection with this Instrument (including a dispute relating to the existence, validity or termination of this Instrument or any non-contractual obligation arising out of or in connection with this Instrument) to the exclusive jurisdiction of the courts of England.

In witness whereof this Instrument has been executed and delivered as a deed on the date first appearing above.

Schedule 1
Part 1
Certificate

Certificate No. 1

Amount of Loan Notes £200,000

Mustang Energy PLC
(Company No.5393357)
(the "**Company**")

Issue of 10 per cent. Convertible Loan Notes
(the "**Loan Notes**")

Issued under the authority of the articles of association of the Company and pursuant to a resolution of the board of directors passed on 22 November 2023.

This is to certify that Mr Kamran Sattar of Red Roofs Traps Lane New Malden KT3 4RY United Kingdom is/are the registered holder(s) of the nominal amount stated above of the Loan Notes which are constituted by a Loan Note Instrument entered into by the Company on 22 November 2023 (the "**Instrument**"). The Loan Notes are issued subject to and with the benefit of the provisions contained in the Instrument and the conditions and other provisions endorsed hereon and/or attached hereto (the "**Conditions**").

Executed as a deed by the Company this 22nd day of November 2023

- Notes:
1. *No transfer of the Loan Notes represented by this Certificate or any part thereof can be registered without production of this Certificate.*
 2. *The Loan Notes and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Loan Notes or their subject matter or formation (including non-contractual disputes or claims).*
 3. *Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions.*
 4. *No application has been or is intended to be made to any stock exchange or other market for the Loan Notes to be listed or otherwise traded.*

Executed as a deed by **Mustang Energy PLC**)
acting by two directors or by a director)
and the company secretary)



Part 2
Conversion Notice

To: Mustang Energy PLC (the "**Company**")

I/We,

Name and Address of Noteholder(s):

_____ of

_____, being the registered holder(s) of the Loan Notes issued by the Company pursuant to a Loan Note Instrument made by the Company on [•] November 2023 (the "**Instrument**") and represented by the enclosed certificate (the "**Certificate**"), hereby give notice that we require the Company to convert the whole of the principal amount of the Loan Notes, together with accrued and unpaid interest thereon amounting to £..... as at the date hereof (subject to the approval of the Company in accordance with Condition 2.3 of Schedule 2 to the Instrument), represented by the Certificate dated _____ November 2023 in accordance with the Instrument into fully paid ordinary shares in the capital of the Company in accordance with Condition 2 of Schedule 2 to the Instrument.

I/We agree to accept all the fully paid ordinary shares to be allotted to us pursuant hereto subject to the Memorandum and Articles of Association of the Company.

Dated 20.....

Signed:

.....

.....

Duly authorised signatory for and on behalf of the Noteholder(s)

(In the case of joint holdings all holders must sign)

Note:

This Conversion Notice will be amended accordingly in the event of conversion being effected by the Company pursuant to Condition 2.1(b).

Schedule 2

Conditions

1. Definitions

In these Conditions, unless there is something in the subject or context inconsistent with it, expressions defined in the Loan Note Instrument dated 22 November 2023 executed by the Company (the "**Instrument**") have the same meaning wherever used in these Conditions.

2. Conversion

2.1 All Loan Notes held by a Noteholder which remain outstanding at the Conversion Date shall be converted into Shares on the earlier to occur by:

- (a) a Noteholder serving upon the Company a Conversion Notice during the period between the giving of notice pursuant to Condition 2.8 and the Sale referred to in such notice, provided that such period will expire on the earlier of such Sale and the date falling 28 days after the giving of such notice; or
- (b) the Company serving upon the Noteholders a Conversion Notice within the period of 28 days prior to the proposed date of Readmission (save that such service must be effected by no later than the Readmission Longstop Date),

save that no conversion shall be permitted without the necessary approval of the Panel first having been obtained by the Company if, upon such conversion, it would have the effect of establishing or otherwise increasing a holding in Shares of a Noteholder (whether by itself or in conjunction with the holdings of any concert parties (as defined in the Code)) which could potentially trigger a mandatory offer having to be made for other Shares under Rules 9 and 37 of the Code.

2.2 The Conversion Notice shall:

- (a) specify the nominal amount of the Loan Notes held by a Noteholder in respect of which such Noteholder or the Company (as the case may be) wishes to exercise its right for the conversion of the Loan Notes into Shares;
- (b) pursuant to Condition 2.3, specify the accrued and unpaid interest amount applicable to the Loan Notes in respect of which a Noteholder or the Company (as the case may be) wishes to exercise its right for the conversion of the Loan Notes into Shares;
- (c) be duly completed and signed by the Noteholder or the Company (as the case may be);
- (d) be accompanied by the Certificate representing the Loan Notes to be converted (if sent by the Noteholder or, in the event of the Conversion Notice being served by the Company the Noteholder shall be requested to send such Certificate to the Company or provide an indemnity in respect of the same in the event it has been lost); and
- (e) a Conversion Notice shall not be withdrawn without the consent in writing of the party to whom the Conversion Notice is addressed.

2.3 Any accrued and unpaid interest on the Loan Notes outstanding at the Conversion Date may be paid by the issuance of Shares at the sole discretion of the Company. The number of Shares to be issued pursuant to this Condition 2.3 shall be calculated by dividing the accrued and unpaid interest amount on the Loan Notes (as outstanding from time to time) by £0.06 ("**Interest Conversion Rate**").

- 2.4 Within five Business Days of the relevant Conversion Date or as otherwise provided for in this Condition 2.4, the Company shall allot and issue credited as fully paid to the relevant Noteholder or its nominee(s) the amount of Shares to which it or such nominee(s) shall be entitled at the Conversion Rate and, if applicable, the Interest Conversion Rate. Such allotment and issue shall be in full satisfaction and discharge of the principal monies (and any accrued and unpaid interest, if applicable) in respect of the Loan Notes so converted. In the event that the Company may require shareholder approval for the issuance of any Shares to a Noteholder under this Instrument, the Company undertakes to call a meeting of its shareholders as soon as reasonably practicable, and in any event within 20 Business Days, following the service of a Conversion Notice and it shall use its reasonable endeavours to procure that such shareholder resolution granting the requisite authority is passed to give effect to this Condition 2.4.
- 2.5 Except in the event of a conversion of Loan Notes on a Sale, if on the Conversion Date the Shares are admitted to trading on the Standard List, the Company shall as soon as reasonably practicable after the relevant Conversion Date apply to the FCA and the London Stock Exchange for the applicable number of Shares to be issued pursuant to the relevant Conversion Notice to be admitted to the Official List and to trading on the Standard List. The Company shall use all reasonable endeavours to ensure that such application for admission becomes effective.
- 2.6 Not later than five Business Days following the relevant allotment of Shares pursuant to Condition 2.4, the Company shall procure that registration shall take place and shall either (at the sole discretion of the relevant Noteholder): (a) send free of charge to the relevant Noteholder or as otherwise directed, a share certificate in respect of the relevant Shares and (if appropriate) shall also within such period send free of charge to such Noteholder or as it may request a certificate in respect of the balance (if any) of the principal amount (and any accrued and unpaid interest, if applicable) outstanding in respect of such Noteholder's holding of the Loan Notes; or (b) credit or procure the credit of the Noteholder's CREST account or such CREST account which may be nominated by the Noteholder.
- 2.7 Shares issued to a Noteholder on conversion of Loan Notes shall rank equally in all respects with the other then existing Shares on and from the date of allotment and shall be entitled to all dividends and other distributions which may be declared on and from the Conversion Date.
- 2.8 The Company shall notify the Noteholders as soon as reasonably practicable after the Company becomes aware of any bona fide third party offer which may give rise to a Sale, and in any event not less than 10 Business Days prior to a Sale.
- 2.9 The Noteholders shall not be entitled in connection with the service of a Conversion Notice to the allotment of a fraction of a Share. Any part of the Loan Notes converted pursuant to this Condition 2 and which represents a fraction of a Share shall be repaid to the relevant Noteholder by electronic transfer.
- 2.10 Upon conversion of any Loan Notes in accordance with this Condition 2, a Noteholder shall no longer have any interest or other rights in respect of the relevant Loan Notes.
- 2.11 The Company undertakes that, while the Loan Notes remain in issue, it shall (pending either the payment of any redemption moneys in respect of the Loan Notes or the issue of the Shares on conversion, each in accordance with the provisions of this Instrument):
- (a) not alter the Articles in any way which would adversely affect the rights of the Noteholders save unless such alteration is carried out after the passing and in accordance with any terms of an Extraordinary Resolution;
 - (b) notify each Noteholder in writing as soon as reasonably practicable after the relevant board or general meeting of shareholders (whichever is the earliest) has

resolved to implement an Adjustment Event specifying the prospective date of the Adjustment Event and the proposed terms of it; and

- (c) when providing notice of any general meeting of the Company to its shareholders (at such time that the Loan Notes remain outstanding), procure that the Directors make a strong recommendation in such notice that the shareholders vote in favour of a resolution to provide the Board with authority from time to time to satisfy in full, without the need for the passing of any further resolutions of the Company's shareholders, the most onerous of the outstanding rights of conversion for the time being attaching to the Loan Notes, without first having to offer the same to any existing shareholders of the Company or any other person.

3. Adjustment of Conversion rights

- 3.1 If, on a date (or by reference to a record date) before the Principal Redemption Date during which any of the Loan Notes have not previously been converted or redeemed as provided in these Conditions, there is an allotment of fully paid Shares by way of capitalisation of the Company's reserves (other than Shares paid up out of distributable reserves and issued in lieu of a cash dividend) to holders of the Shares or there is a sub-division or consolidation of the Shares or reduction of share capital (each an "**Adjustment Event**"), the number and/or nominal value of Shares to be subscribed on any subsequent conversion of the Loan Notes will be increased or, as the case may be, reduced in due proportion and the Conversion Rate will be adjusted accordingly as would have been the case had no Adjustment Event occurred, with effect from the record date for such Adjustment Event. On any such Adjustment Event, the Auditors shall be requested by the Directors to certify the appropriate adjustments and, within 28 days thereafter, notice thereof will be sent to the Noteholders.
- 3.2 Any report or confirmation made pursuant to this Instrument by the Auditors shall be made by them as experts and not as arbitrators and the determination of the Auditors pursuant to Condition 3.1 shall, save in the case of manifest error, be binding on the Noteholders and the Company. The costs of the Auditors appointed pursuant to this Condition 3 shall be borne by the Company.

4. Interest

- 4.1 Interest (less any United Kingdom or other tax which the Company is required by law to deduct from it) will accrue at the Interest Rate from day to day and will, subject to Condition 4.2, be paid on the Conversion Date or Principal Redemption Date (as applicable). Interest will be payable in cash or, at the sole election of the Company, in Shares.
- 4.2 The amount of each interest payment in respect of the Loan Notes shall be calculated on the basis of a 365-day year and by reference to the actual number of days from the date of issue of the Loan Notes up to but excluding the Principal Redemption Date or Conversion Date (as applicable).
- 4.3 For so long as interest payable on the Loan Notes is by law payable under deduction of tax for whatever reason, the Company shall deliver up to the Noteholders in respect of the interest paid in cash to each Noteholder within 14 days after payment of any such interest a certificate as to the gross amount of such payment and the amount of tax deducted from it. Save as required by law, all payments whether of principal, interest or other amounts due in relation to the Loan Notes shall be paid in full free of any withholding, deduction, set-off or counterclaim.

5. Redemption

- 5.1 The following provisions shall have effect as to the repayment of the Loan Notes:
 - (a) unless previously converted as provided in these Conditions and subject to

Conditions 5.2 and 5.3, the Loan Notes are redeemable at par together with accrued and unpaid interest (less any United Kingdom or other tax which the Company is required to deduct from it) on the earlier of:

- (i) completion of a Sale; or
- (ii) within 28 days of the Readmission Longstop Date (save unless otherwise extended by the Company and the Loan Note Holders acting by way of an Extraordinary Resolution),

(the "**Principal Redemption Date**"); and

- (b) on or no later than five Business Days following the Principal Redemption Date, a Noteholder shall deliver or cause to be delivered the Certificate(s) for the Loan Notes to be redeemed to the Company at the Company's registered office for cancellation.

5.2 Unless previously converted as provided in these Conditions, the principal amount of the Loan Notes held by any Noteholder together with all unpaid interest accrued on the Loan Notes (up to that date) shall immediately become due and redeemable upon written demand to the Company by Noteholders representing no less than three-quarters of the nominal amount of the Loan Notes for the time being outstanding on or after the date upon which any of the following events shall occur (each an "**Event of Default**"):

- (a) the Company fails to pay within 28 days of the due date any principal monies together with all accrued and unpaid interest in respect of each Loan Note;
- (b) the Company otherwise fails to comply with any of the covenants, undertakings, conditions or provisions contained in the Instrument and such default being capable of remedy fails to so remedy within 28 days of receipt of a notice from a Noteholder requiring such remedy;
- (c) an order is made or an effective resolution is passed for the winding up, administration or dissolution of the Company (other than by its members voluntarily for the purpose of an amalgamation or reconstruction whereunder a successor company undertakes to perform the obligations of the Company under these Conditions on terms and in circumstances previously approved by an Extraordinary Resolution);
- (d) the Company becomes unable to pay its debts or admits inability to pay its debts as they fall due within the meaning of section 123(1) of the Insolvency Act 1986 or it ceases to carry on all or substantially all of its business, or any compromise, composition, arrangement or agreement is being negotiated with the creditors of the Company (other than as approved by an Extraordinary Resolution);
- (e) the appointment of any liquidator, receiver, administrative receiver, compulsory manager, administrator or other similar officer in respect of or over all or a material part of the undertaking or assets of the Company;
- (f) distress or execution (or other similar process) is levied upon, or enforced against all or a material part of the assets or property of the Company and is not fully paid out or discharged within 28 days unless and for so long as the same is being contested in good faith; or
- (g) any process or events with an effect analogous to those in Conditions 5.2(a) through 5.2(f) (inclusive) occurs to the Company in a jurisdiction outside England and Wales.

The Company shall forthwith give each of the Noteholders written notice immediately on the Company becoming aware of the occurrence of any Event of Default and shall provide

reasonable details of such event.

5.3

- (a) As and when the Loan Notes are to be redeemed in accordance with the provisions of these Conditions, the Company will pay to the Noteholders the principal amount of the Loan Notes which are to be redeemed together with all accrued and unpaid interest.
- (b) Whenever any payment whether of principal, interest or otherwise shall become due on a day which is not a Business Day, payment shall be made on the next following Business Day.
- (c) Each Noteholder shall, on redemption of any Loan Notes, and subject to having such Loan Notes repaid, deliver to the Company at its registered office the Certificate(s) in respect of the Loan Notes repaid.
- (d) All Loan Notes redeemed by the Company shall be cancelled forthwith and will not in any circumstances be available for reissue or kept alive for any purpose.
- (e) If any Noteholder any part of whose Loan Notes is liable to be redeemed under these Conditions shall fail or refuse to deliver up the Certificate(s) for them at the time and place fixed for their redemption or shall fail or refuse to accept payment of the principal monies payable in respect of them or shall fail or refuse to give a receipt for the principal monies payable in respect of the Loan Notes, the monies payable to such Noteholder shall be set aside by the Company and paid into a separate bank account and held by the Company in trust for such Noteholder but without interest, and such setting aside shall be deemed for all the purposes of these Conditions to be a payment to such Noteholder and the Company shall thereby be discharged from all obligations in connection with such Loan Notes. If the Company shall place the said monies on deposit at a bank, the Company shall not be responsible for the safe custody of such monies or for interest on them, except such interest (if any) as the said monies may earn whilst on deposit less any expenses incurred by the Company in connection with them. A Noteholder shall cease to be entitled to any amount so deposited which remains unclaimed after a period of 12 years from the making of the deposit and, on the expiry of such period, any such amount shall revert to the Company notwithstanding that in the intervening period the obligation to pay them may have been provided for in the books, accounts and other records of the Company.

6. Transfer of Loan Notes and encumbrances

- 6.1 Save unless with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed), the Noteholders shall not be entitled to sell, transfer or dispose of any of their Loan Notes or any part of or interest in them save where such transfer, in the case of an individual, is a transfer to a Privileged Relation or trustees of a Family Trust or, in the case of a corporation, is a transfer to its subsidiary, parent undertaking or any subsidiary of any such parent undertaking from time to time.
- 6.2 Every instrument of transfer must be signed by the transferor and the transferor shall be deemed to remain the owner of the Loan Notes the subject of it until the name of the transferee is entered in the Register in respect of it.
- 6.3 Every instrument of transfer must be left for registration at the registered office of the Company for the time being accompanied by the Certificate for the Loan Notes to be transferred and such other evidence as the Directors may reasonably require to prove the title of the transferor or his right to transfer the Loan Notes. No fee will be charged by the Company for the registration of any transfer. Where a Noteholder transfers part only of his Loan Notes comprised in a Certificate he shall be entitled to a Certificate for the balance of

the Loan Notes retained by him without charge.

6.4 All instruments of transfer which shall be registered may be retained by the Company.

6.5 For the avoidance of doubt, the Noteholders shall not be entitled to mortgage, charge, pledge or otherwise encumber the Loan Notes without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).

7. **Payments**

Principal monies and accrued interest payable by the Company under these Conditions shall be paid in immediately available funds by electronic transfer to such bank account as notified from time to time to the Company by each Noteholder, and receipt of the amount due shall be a satisfaction of the principal moneys and accrued interest represented by such transfer.

8. **Loss of Certificates**

If any Certificate issued in respect of the Loan Notes shall be worn out or defaced, then upon production of it to the Directors they may cancel it and may issue a new Certificate in lieu of it and if any such Certificate shall be lost or destroyed then upon proof of that to the reasonable satisfaction of the Directors or in default of proof on such indemnity as the Directors may reasonably deem adequate being given a new Certificate in lieu of it may be given to the person entitled to such lost or destroyed Certificate. An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register. Each new Certificate so issued shall specifically state that it is a replacement Certificate and shall refer to the denoting serial number and the date of issue of the Certificate that it replaces.

9. **Resolutions**

9.1 Without prejudice to any of the powers conferred upon the Company under any of the provisions of the Instrument, the Noteholders shall in addition to any other powers have the following powers exercisable by Extraordinary Resolution namely:

- (a) power to sanction any scheme of arrangement or for the reconstruction of the Company or for the amalgamation of the Company with any other company;
- (b) power to sanction the exchange of the Loan Notes for or the conversion of the Loan Notes into shares, stock, debenture stock or other obligations or security of the Company or any other company formed or to be formed;
- (c) power to sanction any abrogation modification or compromise of or any arrangement in respect of the rights of the Noteholders against the Company provided the same has been previously approved in writing by the Company whether such rights shall arise under the Instrument or the Loan Notes or otherwise and in particular (but without limiting in any way the general power conferred by this or the last preceding sub-paragraph) power to sanction any arrangement previously approved in writing by the Company for postponing or accelerating the time for the payment of the principal amount of, or interest payable in respect of, the Loan Notes or any part thereof or for the acceptance in satisfaction of the Loan Notes of any shares debenture or debenture stock of the Company or any other company formed or hereafter to be formed; and
- (d) power to assent to any modification of the provisions contained in the Instrument and the Conditions which shall be proposed by the Company and to authorise the Company to execute any supplemental instrument embodying any such modification.

9.2 The expression "**Extraordinary Resolution**" when used in these Conditions means a resolution in writing signed by or on behalf of the registered holders of more than 50 per

cent. of the nominal amount of the Loan Notes for the time being outstanding. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Noteholders. In the case of a body corporate, the resolution may be signed on its behalf by a director or the secretary thereof or by its duly authorised representative or duly appointed attorney. An Extraordinary Resolution shall be binding on all Noteholders.

10. Notice

- 10.1 Any notice of the Noteholders required for any purpose shall be in writing and given by sending it through the post in a pre-paid first class envelope addressed to each Noteholder at his address as shown in the Register or in the case of joint holders in a pre-paid first class envelope addressed to the Noteholder whose name stands first in the Register at his registered address.
- 10.2 Any notice to the Company shall be given or served by leaving it at or by sending it through the post in pre-paid first class envelope addressed, in the case of the Company, to it at its registered office in the United Kingdom for the time being.
- 10.3 Any notice given pursuant to this Condition 10 shall be deemed to have been served on the day occurring two Business Days following that on which it is posted or, where applicable, on the day (or, if not a Business Day on the next following Business Day) on which it is left at the address of the party to be served and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly stamped, addressed and posted.

Schedule 3
Meetings of Noteholders

1 Convening of Meetings

The Company may at any time and shall on receipt of a request in writing of persons holding not less than 40 per cent. of the nominal amount of the Loan Notes for the time being outstanding (upon receiving such indemnity (if any) as it may require against all reasonable costs, expenses and liabilities which it may incur by so doing) convene a meeting of the Noteholders. Such meeting shall be held at such place within the UK as the Company shall determine.

2 Notice of Meetings

- 2.1 At least 14 days' notice in writing of every meeting shall be given to the Noteholders in the manner provided by the provisions contained in Schedule 2.
- 2.2 The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted, but, except in the case where an Extraordinary Resolution is to be proposed, it shall not be necessary to specify in the notice the terms of the resolutions to be proposed. The notice shall state that a Noteholder is entitled to appoint a proxy to attend and, on a poll, to vote instead of him.
- 2.3 The accidental omission to give notice to or the non-receipt of notice by any of the Noteholders shall not invalidate the proceedings at any meeting.

3 Quorum

- 3.1 At any meeting at least two persons being present in person or by proxy shall form a quorum for the transaction of any business.
- 3.2 No business (other than the election of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

4 Absence of Quorum

- 4.1 If within half an hour from the time appointed for the meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened upon the requisition of Noteholders, shall be dissolved. In any other case, it shall stand adjourned to such day and time not being less than seven days nor more than 28 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting the Noteholders present and entitled to vote shall be a quorum for the transaction of business including the passing of any Extraordinary Resolution.
- 4.2 At least seven days' notice of any adjourned meeting of Noteholders at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting and such notice shall state that the Noteholders present at the adjourned meeting, whatever their number, will form a quorum.

5 Chairman

- 5.1 The Noteholders present may choose one of their number to preside at every meeting as Chairman and, if no such person is chosen or if at any meeting the person chosen shall not be present within 15 minutes after the time appointed for holding the meeting, a person nominated in writing by the Company shall be Chairman of such meeting. Any Director and the Secretary, Auditors and solicitors of the Company and any other person authorised in that behalf by the Company may attend and speak at any meeting.

- 5.2 The Chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or, not less than seven days' notice (exclusive as aforesaid) of the adjourned meeting shall be given in like manner, as in the case of the original meeting. Save as aforesaid, subject to paragraph 4.2 above, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

6 Resolutions

- 6.1 At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by one or more Noteholders present in person or by proxy and holding or representing one-twentieth of the then outstanding Loan Notes.
- 6.2 Unless a poll is demanded a declaration by the Chairman that a resolution has been carried or carried by any particular majority or lost or not carried by any particular majority shall be conclusive evidence of that fact.

7 Poll

- 7.1 If a poll is duly demanded, it shall be taken in such manner and at such time and place as the Chairman may direct (save that a poll demanded on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment) and the result of a poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
- 7.2 The demand for a poll shall not prevent the continuance of a meeting for the transact on of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.
- 7.3 No notice need be given of a poll not taken immediately.

8 Voting

- 8.1 On a show of hands every Noteholder who is present in person or, being a corporation, by its authorised representative or proxy shall have one vote. On a poll every Noteholder who is present in person or by proxy shall have one vote for every Loan Note of which they are the holder.
- 8.2 In the case of joint holders of Loan Notes the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
- 8.3 On a poll, votes may be given either personally or by proxy and a Noteholder entitled to more than one vote need not use all their votes or cast all the votes they use in the same way.
- 8.4 No objection shall be raised to the qualification of any person voting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.
- 8.5 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting, at which the show of hands takes place or at which the poll is demanded,

shall be entitled to a casting vote in addition to the votes (if any) to which they may be entitled as a Noteholder.

9 Proxies

- 9.1 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either duly executed or under the hand of some duly authorised officer or attorney of the corporation.
- 9.2 A person appointed to act as a proxy need not be a Noteholder. The Chairman of the meeting may be designated as a proxy in an instrument of proxy without being named.
- 9.3 The instrument appointing a proxy and the letter or power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place (if any) specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or, in the case of a poll otherwise than at or on the same day as the meeting or adjourned meeting, before the time appointed for the taking of the poll) at which the person named in the instrument proposed to vote and in default the instrument or proxy shall not be treated as valid.
- 9.4 No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
- 9.5 An instrument of proxy may be in any usual or common form or in any other form which the Directors may approve. An instrument of proxy shall be deemed to confer the right to demand or join in demanding a poll. An instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
- 9.6 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed provided that no notification in writing of such death, mental illness or revocation shall have been received by the Company at its registered office or at such other place as may have been specified in or by way of note to or in any document accompanying the notice convening the meeting at least one hour before the commencement of the meeting or adjourned meeting at which the proxy is used or, in the case of a poll otherwise than at or on the same day as the meeting or adjourned meeting, before the time appointed for the taking of the poll at which the vote is cast.

10 Representatives

Any company or other body corporate which is a registered holder of any of the Loan Notes may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meeting of Noteholders and such representative shall be entitled to exercise the same powers on behalf of the company or corporation which they represent as if they were the registered holder of the Loan Notes and such company or body corporate shall, for the purpose of these provisions, be deemed to be present in person at any such meeting if a person so authorised is present thereat.

11 Resolutions

- 11.1 The expression "**Extraordinary Resolution**" has the meaning set out in Condition 9.2.
- 11.2 An Extraordinary Resolution passed at a meeting of Noteholders duly convened and held in accordance with this Instrument shall be binding upon all Noteholders whether or not present at the meeting and each of the Noteholders shall be bound to give effect thereto accordingly.

12 Minutes

- 12.1 Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company.
- 12.2 Any minutes of resolutions and proceedings of meetings of Noteholders as aforesaid, if purporting to be signed by the Chairman of the meeting, shall be conclusive evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.

Executed as a deed by
Mustang Energy PLC acting by:

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)
)



.....
Director



.....
Director/Secretary