Company registration number 11155663 (England and Wales)

MUSTANG ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

MUSTANG ENERGY PLC

COMPANY INFORMATION

Directors	D L Gallegos A J Broome P V Wale S W Holden J S L Yee
Secretary	S W Holden
Company number	11155663
Registered office	48 Chancery Lane c/o Keystone Law London WC2A 1JF
Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Principal Bankers	Metro Bank Plc One Southampton Row London WC1 5HA
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
Solicitors	Keystone Law 48 Chancery Lane London WC2A 1JF

MUSTANG ENERGY PLC

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MUSTANG ENERGY PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

Chairman's Statement

In April 2021 the company announced that it had acquired a 22.1% interest in VRFB Holdings Limited (“VRFB-H”) for US$7.524 million which was funded through the issue of US$8,000,000 10 per cent unsecured convertible loan notes to certain investors, including the company’s 24.03% shareholder Acacia Resources Limited. VRFB-H owns a 50% interest in Enerox Holdings Limited (“EHL”) with EHL owning a 100% interest in Enerox GmbH (“Enerox”).

Enerox is an Austrian-based vanadium redox flow battery manufacturer. Bushveld Minerals Limited owns a 50.5% interest in VRFB-H and Acacia owns the remaining 27.4%. Enerox has invested more than 20 years of research and development into its CellCube energy storage system. Their vanadium-based technology is known to be state-of-the-art in the battery market and has already deployed more than 130 systems / 43 MWh across 5 continents.

In July 2021 the company was advised that a claim form has been issued in the English High court by Garnet Commerce Limited ("Garnet") against VRFB-H and EHL. Garnet owns the remaining 50% interest in EHL.

Garnet's claim form sought declarations against VRFB-H concerning an alleged breach of the joint venture agreement in relation to EHL, in respect of the indirect investment into EHL through VRFB-H by Mustang, as announced on 27 April 2021.

On 8 March 2022 the company was advised that VRFB-H had successfully defended Garnet’s claims. The judgment vindicated the position that the investment by VRFB-H into EHL, funded as it was partly by an investment by the company, was permitted and did not violate any agreements. Accordingly, the investment by Mustang into VRFB-H, and the investment by VRFB-H into EHL, continues to remain effective.

On 3 August 2022, the company announced its entry into a conditional share exchange agreement to acquire the 27.4% interest held by Acacia in VRFB-H, an indirect interest of approximately 13.7% in Enerox, for US$10.55 million. In addition, on 28 November 2022, the Company announced it had entered into a conditional agreement with Bushveld Energy Limited to acquire its 50.5% interest for a consideration US$19.44 million. Both of these acquisitions will be satisfied by the issue of shares in the Company at an issue price of 20 pence.

On 12 July 2023 the company announced that it entered into a conditional share purchase agreement with Garnet to acquire the remaining 50% of EHL. The acquisition of this interest will make EHL a wholly owned subsidiary of the company and give the Company 100% ownership of Enerox. The consideration for this purchase is US$33.16 million, to be satisfied by the payment of US$7.5 million in cash and the remainder in shares in the company at an issue price of 20 pence.

Mustang’s acquisition of VRFB-H and a 100% interest in Enerox constitutes a reverse takeover under the Listing Rules. The company is now in the process of preparing a prospectus so as to raise a minimum of $15 million in new capital and satisfy the Listing Rules to facilitate the relisting of the company’s shares to trading on the London Stock Exchange.

The Directors collectively have an interest of 23.8% in the company and therefore have a vested interest to ensure the company’s first acquisition is the right one. The company will remain diligent in minimising its overheads by reducing administration charges wherever possible.

A J Broome, AM
Chairman

Date: 11 May 2023

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

Alan John Broome, AM (Non-Executive Chairman), aged 73

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 Limited, a minerals production and development company incorporated and registered in England and Wales and listed on the AIM market of the London Stock Exchange.

Dean Lloyd Gallegos (Managing Director), aged 55

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 an 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. Dean was appointed to the board of VRFB Holdings Limited in May 2021.

Peter Verdun Wale (Non-Executive Director), aged 53

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

Simon William Holden (Non-Executive Director), aged 47

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 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), Primorus Investments plc (AIM: PRIM) and Synairgen plc (AIM: SNG).

Jacqueline Yee (Non-Executive Director), aged 53

Ms Yee is based in Singapore after relocating from Australia in 2019 following almost 15 years based in Europe, prior to which she worked in the Asia Pacific region for almost 12 years. Ms Yee has been awarded Money 2020 RiseUp FinTech & Financial Services Leader, and awarded Fintech Nation Fintech65 Women Investors. She has a global track record in mergers, acquisitions, restructurings and structured finance delivering improved returns in both the private and public capital markets. She has global insights and local knowledge in multiple sectors having worked in the United Kingdom, Europe, USA, Asia, Middle East, Australia and New Zealand. Ms Yee is the CIO of ABE Capital Markets, the Singapore entity of Australian Bond Exchange, Non-Executive Director of Advanced Health Intelligence (NASDAQ & ASX: AHI), and until December 2022, Non-Executive Director of Wellteq Digital Health (CSE: WTEQ). Ms Yee is Mentor to IoT Tribe Deeptech Accelerator programs and Tenity (F10) Fintech Incubator & Accelerator programs. She is fluent in multiple Asian and European languages and presents globally. She has also authored reports that have been implemented in institutional and public policies.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

The corporate governance statement set out on pages 18 to 22 forms part of this report.

A commentary on the business for the year is included in the Chairman's Statement on page 1.

Principal activities
The company is an investment company which made its first investment in April 2021 through the acquisition of a 22.1% interest in VRFB-H. Since that time it has entered into conditional agreement to acquire the remaining 27.4% and 50.5% interests in VRFB-H it did not own and which would give the company an effective 50% interest in Enerox. Additionally, VRFB-H has entered into a conditional agreement to acquire the remaining 50% of Enerox so on completion the company will own 100% of Enerox.

The company intends, but is not required to, seek to acquire a business or asset(s) in the energy storage value chain and renewable energy projects development space. It 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 additional company's or business or asset(s) in the energy storage and renewable energy projects 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 for additional investments that complement its existing 22.1% interest in VRFB-H and which are in manufacturing assets involved in the energy transition process with a relative focus on the energy storage/battery value chain and in the development of renewable energy projects where there is scope to include stationary energy storage.

- **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.

Results and dividends
The results for the year are set out on page 31.

The Directors do not propose a dividend in respect of the year ended 31 December 2022. No dividend was paid in the year to 31 December 2021.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D L Gallegos
A J Broome
P V Wale
S W Holden
J S L Yee

Directors' interests

The directors' interests in the shares of the company were as stated below:

Director	Position	Appointed	Ordinary Shares	Options
Alan Broome	Non-Executive Chairman	17-Jan-18	140,000	90,000
Dean Gallegos	Managing Director	17-Jan-18	1,630,000	630,000
Peter Wale	Non-Executive Director	17-Jan-18	340,000	90,000
Simon Holden	Non-Executive Director	01-Aug-18	340,000	90,000
Jacqueline Yee	Non-Executive Director	18-May-20	-	350,000

Substantial shareholders

As at 31 December 2022, the total number of issued Ordinary Shares with voting rights in the company was 10,281,600. Details of the company's capital structure and voting rights are set out in note 17 to the financial statements.

As at the date of approval of this report the company had a total number of issued Ordinary Shares with voting rights in the company of 10,281,600. The company has been notified of the following interests of 3 per cent or more in its issued share capital.

Party name	Number of Ordinary Shares	% of Share Capital
Acacia Resources Limited	2,471,600	24.00%
Dean L Gallegos	1,630,000	15.60%
Richard Corsie MBE	1,050,000	10.20%
The Australian Special Opportunity Fund, LP	1,000,000	9.70%
Mutthew Lumb	500,000	4.90%
Simon Holden	340,000	3.30%
Peter Wale	340,000	3.30%

Financial instruments

Details of the use of the company's exposure to financial risk are contained in note 23 of the financial statements.

Post reporting date events

Working Capital Facility

On 10 January 2023, the company entered a loan agreement with BMN (replacing in its entirety the agreement entered by the parties on 25 January 2022) pursuant to which BMN provided the company with an unsecured non-interest bearing loan of US$320,000 (the “Loan”). The first tranche of the Loan of $220,000 was advanced in January 2022 and the second tranche of the Loan of $100,000 was advanced in January 2023.

The Loan is repayable in full at any time on or prior to 31 December 2023 (the “Repayment Date”) and is repayable in any event if the company raises any debt or equity capital of no less than £1 million (excluding any conversion of the CLNs into new MUST Shares) prior to the Repayment Date. At the option of the company, the Loan is repayable either by way of a single repayment in cash or by the issue of such number of new MUST Shares as is equal to the Loan (the “Loan Shares”).

The issue price of the Loan Shares is the greater of £0.20 per MUST Share and the average volume-weighted average price of a MUST Share for the consecutive 10 dealing days ending on the dealing day immediately preceding the repayment date. The Loan shall be waived in full if the Backstop is implemented prior to the Repayment Date.

Backstop Fee

A reduction of the backstop fee from 5.0% to 2.0% of any CLN amount converted to Bushveld Minerals Limited ("BMN") shares as per the provisions of the Investment Agreement. The backstop fee can, at the election of the Company, be satisfied by the issue of Mustang shares at an issue price of 20 pence each. The backstop fee will be reinstated to 5.0% if the Company's shares are relisted and has an interest in VRFB-H.

Acquisition of 100% of Enerox

On 12 April 2023 the company announced that it had entered into a conditional agreement with Garnet and VRFB-H pursuant to which VRFB-H has agreed to acquire Garnet's 50% interest in EHL, (the "Garnet Acquisition"). Following completion of the conditional agreements to acquire Acacia’s and Bushveld Energy Limited ("BEL") remaining 27.4% and 50.5% respective stakes in VRFB-H and the Garnet Acquisition the company shall own the entire issued share capital of VRFB-H, and VRFB-H would own the entire issued share capital of EHL. EHL owns the entire issued share capital of Enerox, the owner of the CellCube brand.

The total consideration payable to Garnet for its shareholding in EHL is US$33,166,667 ("Purchase Price"). The Purchase Price shall be payable by the company on behalf of VRFB-H and shall be comprised of:

- a cash payment of a minimum amount of US$5,000,000 and a maximum amount US$7,500,000, the final amount to be determined by the quantum of the equity fundraise undertaken by the company at the time of Readmission;
- the issue of up to US$2,500,000 of convertible loan notes by the company, the final amount being dependent on the quantum of the of the equity fundraise undertaken by the company at the time of Readmission, so that the aggregate amount paid in cash and the issue of the convertible loan notes by the company to Garnet is not more than US$7,500,000; and
- the sum of US$25,666,667, to be converted to Pounds Sterling using an exchange rate of GBP£1.00/ US$1.225 and to be satisfied by the proposed issue of 104,761,905 new ordinary shares in the capital of the company issued at a price per share of 20 pence.

A condition of the Garnet Acquisition is that the company raises a minimum of US$15.0 million at the time of Readmission.

Enerox Interim Funding

The company also entered into a loan agreement with Enerox (the "Enerox Loan") pursuant to which the company would provide up to US$2,000,000 of additional funding until Readmission.

On 2 May 2023 the company announced that it had entered into subscription agreements to raise US$2,000,000 through the issue of new convertible loan notes to new and existing investors (the "2023 CLNs") to fund the Enerox Loan. Acacia has subscribed for $750,000, Bushveld Minerals Limited has subscribed for $750,000 and Garnet has subscribed for US$500,000 of the 2023 CLNs.

The terms of the 2023 CLNs are as follows:

- Maturity - 31 July 2023
- Interest - 10.0% per annum
- Conversion - Automatically into new ordinary shares in the capital of the company on Readmission at the lower of £0.17 per share or a 20% discount to the price per share which is placed with or otherwise subscribed by new and existing investors in connection with the equity fundraise undertaken by the company at Readmission.

Extension of CLN Maturity Date
On 2 May 2023 the company announced it had extended the redemption date of the existing US$8,000,000 convertible loan notes to 31 July 2023 on the same terms as the 2023 CLNs.

Future developments
Further details of the company's future developments are set out in the Strategic Report on pages 10 to 17.

Auditor
The Board appointed PKF Littlejohn as auditors of the company. They have expressed their willingness to continue in office and it is currently intended that a resolution to reappoint them will be proposed at the Annual General Meeting.

Energy and carbon report
The company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its operations during the period under review, it has not been practical to measure its carbon footprint.

In the future, the company will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

The company is exempt from the Streamlined Energy & Carbon Reporting (SECR) requirements since energy consumption is less than 40,000 kWh of energy in the reporting year.

The Task Force on Climate-related Financial Disclosures (TCFD) aim to provide investors, lenders, and other stakeholders with information necessary to assess climate-related risks and opportunities. The Company takes various actions throughout our local operations to mitigate the potential impacts of our activities. We recognise the benefits of disclosing climate-related financial information, but due to our small scale and stage of development, have not yet fully implemented the TCFD recommendations. During 2023 the Company will establish a cross-functional team to evaluate and implement the TCFD recommendations over the next few years.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards (UK-adopted IAS).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies with a Standard Listing.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Prepare a director’s report, a strategic report and director’s remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible to make a statement that they consider that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for the shareholders to assess the Company’s position and performance, business model and strategy.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors’ responsibilities pursuant to Disclosure and Transparency Rule

Each of the Directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge and belief:

- the financial statements have been prepared in accordance UK-adopted IAS and give a true and fair view of the assets, liabilities, financial position and loss of the company; and

- the Annual Report and financial statements, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business during the year.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern

The company's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement and the Strategic Report. Further, note 23 to the financial statements discloses the company's financial risk management policy. On 28 April 2023 the parties to the investment agreement dated 26 April 2021 (as subsequently amended and restated) (the "Investment Agreement"), relating to the company's conditional purchase of shares in VRFB-H ("VRFB Share Purchase"), agreed to extend the longstop date to satisfy the principal outstanding condition of the VRFB Share Purchase, namely the publication by the company of a prospectus and the readmission of the company's shares ("MUST Shares") to the Official List and to trading on the London Stock Exchange's main market for listed securities (together, "Readmission") by no later than 31 July 2023 (the "Longstop Extension"). In turn, the Longstop Extension was mirrored in the company's convertible loan note instrument (the "CLN Instrument") pursuant to which it issued US$8 million 10% convertible loan notes (the "CLNs") to certain investors (the "CLN Holders") such that the maturity date of the CLNs was, as agreed between the company and the CLN Holders, extended to 31 July 2023 (or such later date as may be agreed between the company and the CLN Holders) (the "Maturity Date").

Under the terms of the CLN Instrument, the CLNs are convertible into new MUST Shares, following: (a) the approval of its shareholders of the Company's capital raise; and (b) Readmission occurring on or before the Maturity Date. At the date of this report, Readmission has not occurred albeit the company is working with its professional advisors to satisfy this requirement. If Readmission does not occur by the Maturity Date, the CLNs (comprised of the principal amount of US$8 million and all accrued and unpaid interest thereon) can be redeemed for cash within 28 days of the Maturity Date (the "Redemption Period"). If the company determines that it is unable to repay the CLNs within the Redemption Period, it will be required to notify the CLN Holders of this and shall exercise its rights under the Investment Agreement pursuant to which Bushveld Minerals Limited ("BMN") is required, in return for the company transferring to BMN's subsidiary Bushveld Energy Limited its shares in VRFB-H, to issue to each CLN Holder, within the Redemption Period, such number of new ordinary shares in the capital of BMN as is equivalent to the then outstanding amount of the CLNs (including principal and all accrued and unpaid interest thereon) (the "Backstop").

On 10 January 2023, the company entered a loan agreement with BMN (replacing in its entirety the loan agreement entered by the parties on 25 January 2022) pursuant to which BMN provided the company with an unsecured non-interest bearing loan of US$320,000 (the "Loan"). The Loan is repayable in full at any time on or prior to 31 December 2023 (the "Repayment Date") and is repayable in any event if the company raises any debt or equity capital of no less than £1 million (excluding any conversion of the CLNs into new MUST Shares) prior to the Repayment Date. At the option of the company, the Loan is repayable either by way of a single repayment in cash or by the issue of such number of new MUST Shares as is equal to the Loan (the "Loan Shares"). The issue price of the Loan Shares is the greater of £0.20 per MUST Share and the average volume-weighted average price of a MUST Share for the consecutive 10 dealing days ending on the dealing day immediately preceding the repayment date. The Loan shall be waived in full if the Backstop is implemented prior to the Repayment Date.

Going Concern (continued)

If Readmission occurs on or by the Maturity Date, the Directors, having assessed cash flow forecasts prepared for a period of at least 12 months, are of the opinion that the company will have adequate working capital to meet its the overhead costs of the enlarged group and given that upon Readmission the proposed acquisition(s) would be unconditional for at least 12 months from the date of approving these accounts. The belief that the company shall have sufficient working capital to meet its needs following Readmission is predicated on the Directors’ anticipation that the company, in line with its strategy, shall, concurrent with the Readmission process, seek to raise additional finance to fund further acquisitions and for further working capital purposes.

If Readmission does not occur and the Backstop is triggered the company will divest its only asset, being its current 22.1% interest in VRFB-Holdings. The company will need to raise additional funds through the issuance of debt or equity to pay overhead costs for the next 12 months from the date of approval of these financial statements and to fund due diligence costs for a new acquisition caused by the publication of a prospectus and readmission of the entire issued MUST Shares to trading. Whilst successful completion of future fundraisings is inherently uncertain, the directors are confident that sufficient funds will be raised in this scenario based on their discussions with existing shareholders.

These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the company was not a going concern but note that the auditors make reference to going concern by way of a material uncertainty over the ability of the company to fund the recurring and projected expenditure.

The Directors consider that despite this uncertainty it remains appropriate to prepare the financial statements on a going concern basis as the company is currently preparing for Readmission.

On behalf of the board

A J Broome
Director

Date: 11 May 2023

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of business in the period

Business Strategy
The company is currently focused on its 22.1% equity holding in VRFB Holdings Limited and the identification of additional opportunities in the energy storage value chain and renewable energy projects development sectors. It also negotiated and executed conditional agreements to acquire Acacia's and BEL's remaining 27.4% and 50.5% respective stakes in VRFB-H and which were announced on 3 August 2022 and 28 November 2022. The company and VRFB-H negotiated and executed a conditional agreement to acquire the remaining 50% interest in Enerox Holdings Limited ("EHL") from Garnet and which were announced on 12 April 2023. This acquisition will result in EHL becoming a wholly owned subsidiary of VRFB-H which in turn will be a wholly owned subsidiary of the company.

Operational Review
The company's principal activity is set out in the Directors' Report on page 3. During the year the company negotiated and executed conditional agreements to acquire Acacia's and BEL remaining 27.4% and 50.5% respective stakes in VRFB-H and which were announced on 3 August 2022 and 28 November 2022 for total consideration of US$29,990,578. The consideration will be satisfied by the issue of shares in the company at an issue price of 20 pence each.

The company and VRFB-H negotiated and executed a conditional agreement to acquire the remaining 50% interest in EHL from Garnet and which were announced on 12 April 2023. The total consideration payable to Garnet for its shareholding in EHL is US$33,166,667 ("Purchase Price"). The Purchase Price shall be payable by the company on behalf of VRFB-H and shall be comprised of:

- a cash payment of a minimum amount of US$5,000,000 and a maximum amount US$7,500,000, the final amount to be determined by the quantum of the equity fundraise undertaken by the company at the time of Readmission;

- the issue of up to US$2,500,000 of convertible loan notes by the company, the final amount being dependent on the quantum of the of the equity fundraise undertaken by the company at the time of Readmission, so that the aggregate amount paid in cash and the issue of the convertible loan notes by the company to Garnet is not more than US$7,500,000; and

- the sum of US$25,666,667, to be converted to Pounds Sterling using an exchange rate of GBP£1.00/ US$1.225 and to be satisfied by the proposed issue of 104,761,905 new ordinary shares in the capital of the company issued at a price per share of 20 pence.

A condition of the Garnet Acquisition is that the company raises a minimum of US$15.0 million at the time of Readmission.

On completion of these acquisitions VRFB-H will be a wholly owned subsidiary of the company. VRFB-H owns a 100% interest in EHL with EHL owning a 100% interest in Enerox GmbH ("Enerox").

Mustang's 22.1% investment into VRFB-H and its agreement to acquire Acacia's and BEL's 27.4% and 50.5% interests in VRFB-H constitutes a reverse takeover under the Listing Rules. As a result, the company's shares were temporarily suspended and shall remain so until the company publishes a prospectus for the readmission of the ordinary share capital of the company to trading on the London Stock Exchange.

In July 2021 the company was advised that a claim form has been issued in the English High court by Garnet Commerce Limited ("Garnet") against VRFB-H and EHL. Garnet owns the remaining 50% interest in EHL. Garnet's claim form sought declarations against VRFB-H concerning an alleged breach of the joint venture agreement in relation to EHL, in respect of the indirect investment into EHL through VRFB-H by Mustang, as announced on 27 April 2021.

The claim was successfully defended in March 2022.

Operational Review (continued)

The company financed its investment in VRFB-H through the issue of US$8,000,000 10 per cent. unsecured convertible loan notes ("CLN") to certain investors, including the Company's 24.03% shareholder Acacia. The principal terms of the CLN were that the notes would convert into ordinary shares in the company on successful readmission of the Company's shares to trading on the London Stock Exchange. In the event of the readmission not taking place by 31 July 2023 and the Company failing to raise sufficient capital, the company would be forced to surrender its investment in VRFB-H to VRFB-H's other investor, Bushveld Minerals Limited, which would take on the CLN liability. The terms of the CLN are disclosed further in note 15 to the financial statements and in the going concern assessment within the Directors' Report.

Financial Review

Results for the 2022 period

The company incurred a total comprehensive loss for the year to 31 December 2022 of £558,898 (2021 – £902,624).

The single most significant cash cost to the business is directors' remuneration and professional fees.

Given the investment of time in the operation of the company and its search for a suitable acquisition, the Board approved a monthly payment of £5,000 to the Managing Director Dean Gallegos in 2020. On completion of the acquisition of the 22.1% interest in VRFB-H in April 2021 the monthly payment was increased to £10,000 per month and the company also commenced the payment of non-executive directors' fees that total £6,500 per month. The impact of this increased Director's Remuneration costs to £224,121 for the year (2021: £152,988). For details please refer to note 7.

An additional driver of the loss for the year are finance costs of £656,871 (2021: £601,891) which comprise interest payable on loan notes of £670,240 (2021: £491,631) and a fair value gain on the loan note derivative of £13,384 (2021: £110,260 loss). These have arisen in the year as a consequence of the financing of the VRFB-H acquisition as detailed above in the Chairman's and the Director's report. For further details see notes 5 and 15.

The statement of financial position shows a movement in net liabilities to £958,900 from an opening net liability position at 1 January 2022 of £400,002. The key drivers of this movement are the increase in the investments balance to £7,056,976 (31 December 2021: £5,573,333) and the corresponding increase in borrowings to £7,934,226 (31 December 2021: £6,329,952) that have resulted from the acquisition of a 22.1% interest in VRFB-H and outlined in the Chairman's and the Director's report. Excluding these impacts of the transaction on assets, liabilities and also on equity balances, the remaining components of the company's statement of financial position have remained stable year on year including working capital balances.

No share options in the company were issued during 2022 (2021: nil).

Loss per share: 0.05 pence (2021: 0.09 pence).

Cash flow

Cash operating outflows for 2022 were £542,387 (2021: £370,984 outflow).

Closing cash

As at 31 December 2022, the company held £22,994 of cash (2021 - £394,700).

Key Performance Indicators (KPI)

The sole KPI for the company has been to source a suitable acquisition target. As at the date of this report this KPI has been met with the acquisition of a 22.1% equity interest in VRFB-H in April 2021.

Position of Company's Business

At the period end the company's Statement of Financial Position shows net liability totaling £958,900 (2021 – £400,002). Other than the CLNs the company has relatively few working capital liabilities at the reporting date. The CLNs are not expected to be redeemed in cash and reference is made in the Director's Report on page 6 and 7 which details how the CLNs are either converted into shares in the company or settled in return for the company's investment in VRFB-H.

Environmental matters
The Board contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations and there have been no instances of non-compliance in respect of environmental matters.

Employee information
At present, there is one female Director in the company. The company has a Chairman, a Managing Director, three Non-Executive Directors and no employees. The company is committed to gender equality and during 2020 appointed a female Non-Executive Director.

If future roles are identified, a wide-ranging search would be completed with the most appropriate individual being appointed irrespective of gender.

Social/Community/Human rights matters
The company ensures that employment practices take into account the necessary diversity requirements and compliance with all employment laws. The Board has experience in dealing with such issues and sufficient training and qualifications to ensure they meet all requirements.

Anti-corruption and anti-bribery policy
The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has conducted a review into its operational procedures to consider the impact of the Bribery Act 2010 and the Board has adopted an anti-corruption and anti-bribery policy which can be accessed on the company’s website.

Principal risks and uncertainties
The company operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the company’s activities although it should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Vanadium Redox Flow Battery (VRFB) market may not mature in the way the Board expect
The market for VRFBs is developing. The Board expect the market to mature to a stage where the capabilities of VRFBs are fully understood. To meet the growth projections of the company, VRFBs need to become widely accepted and utilised in grid stabilisation and for energy storage. There is a risk that the market may not mature in this way, or at the pace expected.

Government energy market policy may change
The energy markets in many countries rely, to a large degree, on national and international regulatory policy. While the EU, the UK and the USA have, in recent years, adopted policies and mechanisms actively supporting renewable energy, it is possible that this approach could be modified or changed in the future, including as a result of a change in Government or a change in Government policy, relating to renewable energy directly or to energy policy more generally. These changes could, in some circumstances, materially affect the company's business and growth plans.

Vanadium price volatility may make Enerox's products less competitive financially
The most expensive component of VRFBs is the vanadium feedstock used in the electrolyte in the battery. There is a general assumption that VRFB projects are viable for investors when the vanadium price is below $10/lb, before incorporating the impact of electrolyte renting or leasing. As at the date of this Prospectus, the price is around $8.50/lb, which is on a par with the historical average. However, vanadium is one of the three most volatile commodities in terms of price. There is a risk that the price of vanadium could make Enerox's products less competitive financially, which would limit the size of the addressable energy storage market and have a knock-on effect for the company.

The company has a relatively limited operating history and no revenues
The company has a limited operating history and no revenues. An investment in the company is therefore subject to all the risks and uncertainties associated with a recently established business, including the risk that the company will not achieve its objectives and that the value of an investment in the company could decline substantially as a consequence. Any failure by the company to achieve its objectives may adversely affect its operations and returns, if any, to Shareholders.

Principal risk and uncertainties (continued)

Prior to the Acquisition and the Garnet Acquisition, the company was a special purpose acquisition company with limited operating history. Investors are relying on the ability of the company and the Board to raise additional funds (if required) and manage the company as a holding company, specifically managing its holding of the VRFB-H Shares. There is limited trading history of the company's shares on which to evaluate the company's ability to achieve its objective in accordance with its business strategy. Movements in the price of shares that can occur in relation to announced events, can sometimes be an indication of how successful or not a company has been in achieving its business objectives.

Dependence on key executives and personnel

The loss of the services of any of the Directors and the Proposed Directors may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the company. The future performance of the company will depend heavily on its ability to retain the services and personal connections/ contacts of key executives and to recruit, motivate and retain further suitably skilled, qualified, and experienced personnel.

The company may be subject to foreign investment and exchange risks

The company's functional and presentational currency is sterling. As a result, the company's consolidated financial statements will carry the company's assets in sterling. Changes in exchange rates between sterling and other currencies, which following completion of the Acquisition and the Garnet Acquisition and as a result of operating in CellCube's markets of the EU, US and South Africa, the company potentially may, inter alia, receive revenue from or have to pay out costs in, could lead to significant changes in the company's reported financial results from period to period. Among the factors that may affect currency values that the company may be required to trade in following completion of the Acquisition and the Garnet Acquisition 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. 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's business strategy and business model are dependent on the Acquisition and the Garnet Acquisition

The company's business strategy and business model depend on the effective and successful running of VRFB-H. There can be no guarantee that the Acquisition and the Garnet Acquisition will be profitable, which may have a material adverse effect on the company's business, financial condition or results of operations.

Completion of the VRFB-H Share Agreements and the Garnet Share Exchange Agreement is subject to the satisfaction of certain conditions, including the approval of the Acquisition (Stage 2) and Acquisition (Stage 3) by Shareholders at the General Meeting and Readmission occurring. There can be no assurances that Shareholder approval will be forthcoming or that Readmission will occur. If the conditions to Completion are not satisfied by the Longstop Date or any fact occurs which prevents the conditions from being satisfied by that date, the VRFB-H Share Agreements and the Garnet Share Exchange Agreement will terminate, and Readmission will not occur.

The due diligence carried out in respect of the Acquisition and the Garnet Acquisition may not reveal all relevant facts or uncover significant liabilities

Notwithstanding the company has conducted what the Board considers to be appropriate, practicable and focused due diligence in respect of the Acquisition and the Garnet Acquisition, with the objective of identifying any material issues that may affect the decision to proceed with the Acquisition and the Garnet Acquisition, there can be no assurance that the due diligence undertaken will be adequate or accurate or will reveal all relevant facts or uncover all significant liabilities or that the due diligence will result in a successful acquisition (including with respect to the formulation of a post-Acquisition and post-Garnet Acquisition business strategy). If the due diligence investigation fails to identify key information in respect of the Acquisition and/or the Garnet Acquisition, or if the company considers such material risks to be commercially acceptable, the company may be forced to write-down or write off assets in respect of VRFB-H, which may have a material adverse effect on the company's business, financial condition, or results of operations. Further, following the Acquisition and the Garnet 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 have a material adverse effect on the company's financial condition and results of operations (especially if the due diligence is required to be undertaken in a short timeframe or in a competitive situation).

Principal risk and uncertainties (continued)

Acquisition costs may be greater than anticipated

The company expects to incur a number of costs in relation to the Acquisition and the Garnet Acquisition, assuming the Acquisition and the Garnet Acquisition complete. The actual costs of the Acquisition and the Garnet Acquisition may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition and the Garnet Acquisition. In addition, the company will incur legal, accounting and transaction fees and other costs relating to the Acquisition and the Garnet Acquisition, some of which are payable whether or not the Acquisition and the Garnet Acquisition complete. Although the Directors and the Proposed Directors believe that the Acquisition and the Garnet Acquisition costs will be more than offset by the realisation of the benefits resulting from the Acquisition and the Garnet Acquisition, this net benefit may not be achieved in the short-term or at all, particularly if the Acquisition and/or the Garnet Acquisition is delayed or does not complete.

The company may be unable to obtain financing, if required, to fund Enerox's operations, or may not be able to obtain financing on terms acceptable to the company

If the company is unable to fully finance the Acquisition and the Garnet Acquisition, it may need to be cancelled or significantly restructured, either of which may have a material adverse effect on the company's business, financial condition, or results of operations. The company may also require additional financing to fund the company, business or asset(s) acquired in the Acquisition and the Garnet Acquisition and this may include making substantial equity commitments in cash; the failure to obtain such financing or to secure it on acceptable terms may have a material adverse effect on the company, business or asset(s) acquired, the impact of which may extend to the company's business, financial condition, or results of operations.

Unfavourable general economic conditions

The global financial markets are experiencing continued volatility and geopolitical issues and tensions continue to arise. Many countries have continued to experience recession or negligible growth rates, which have had, and may continue to have, an adverse effect on business confidence. CellCube's markets are the EU, US and South Africa. The company cannot predict the severity or extent of these recessions and/or periods of slow growth in CellCube's markets. Accordingly, the company's estimate of the results of operations, financial condition and prospects in CellCube's markets of VRFB-H, and its underlying indirect interest in Enerox, will be uncertain and may be adversely impacted by unfavourable general global, regional, and national macroeconomic conditions.

The company has acquired a 22.1% interest in VRFB-H. Whilst the acquisition itself is not subject to the approval of the company's shareholders, certain other matters relating to it are, specifically but not limited to the issue of new shares in the capital of the company and the disapplication of pre-emption rights in connection therewith on the anticipated conversion of the loan notes issued by the company to finance the VRFB-H Share Purchase.

To address the aforesaid risks, certain shareholders (holding a majority of the shares in issue in the capital of the company), including those Directors who hold shares, have provided irrevocable undertakings to vote in favour of the resolutions applicable to the VRFB Share Purchase at the relevant time.

The company's revenues, if any, and the value of the company's investment shall be dependent on the underlying performance of Enerox, an Austrian-based vanadium redox flow battery manufacturer. Enerox is subject to certain operational risks, including no critical spare equipment or plant availability during any required plant maintenance or shutdowns; asset integrity and health, safety, security and environment incidents. Enerox has operated for several years and has the necessary contingency plans in place to reduce operational risk. The Directors expect Enerox to leverage the experience of its experienced management team and those of its partners to mitigate any potential impacts of unforeseen events relating to operational performance. However, all actions required to mitigate these risks are to be carried out by third parties which cannot be controlled by the company.

The company's reputation is central to its future success, in terms of the way in which it conducts its business and the financial results which it achieves. Failure to meet the expectations of its shareholders, business partners and other stakeholders may have a material adverse effect on the company's reputation and future revenue.

The company is exposed to the general economic environment which was impacted by events such as the COVID-19 pandemic and, within a more national setting, Brexit. Following the acquisition of 100% of VRFB-H and EHL, the company's increased geographical footprint will give it greater scope to adapt its operations to mitigate against or take advantage of economic fluctuations in different regions. Also, due its relatively small size, the company can adapt reasonably quickly.

Principal risk and uncertainties (continued)

Operational restrictions may continue to be placed on or otherwise come into effect which impact the company, its underlying investments and partners (including Enerox) and their respective supply chains as a result of the spread of COVID-19. The restrictions could lead to production shutdowns and/or delays in obtaining critical equipment for capital projects.

Letters of undertaking

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, Ms Yee 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 have been granted Options in the company, 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 Directors whom a potential conflict of interest does not arise in relation to any other entities such Directors 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.

Composition of the Board

A full analysis of the Board, its function, composition and policies, is included in the Governance Report.

Capital structure

The company’s capital consists of ordinary shares which rank pari passu in all respects which were traded on the Standard segment of the Main Market of the London Stock Exchange until their suspension in April 2021 as a result of the company’s investment in VRFB-H, pending readmission. There are no restrictions on the transfer of securities in the company or restrictions on voting rights and none of the company’s shares are owned or controlled by employee share schemes.

There are no arrangements in place between shareholders that are known to the company that may restrict voting rights, restrict the transfer of securities, result in the appointment or replacement of Directors, amend the company’s Articles of Association or restrict the powers of the company’s Directors, including in relation to the issuing or buying back by the company of its shares or any significant agreements to which the company is a party that take effect after or terminate upon, a change of control of the company following a takeover bid or arrangements between the company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur because of a takeover bid.

Section 172(1) Statement - Promotion of the company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

Specific commentary has been made below against the relevant provisions of Section 172(1)(a) to (f) of the Companies Act:

(a) the likely consequences of any decision in the long term

The company negotiated and executed conditional agreements to acquire Acacia's and BEL remaining 27.4% and 50.5% respective stakes in VRFB-H and which were announced on 3 August 2022 and 28 November 2022. These acquisitions will result in VRFB-H becoming a wholly owned subsidiary. The company and VRFB-H negotiated and executed a conditional agreement to acquire the remaining 50% interest in EHL from Garnet and which were announced on 12 April 2023. This acquisition will result in EHL becoming a wholly owned subsidiary of VRFB-H which in turn will be a wholly owned subsidiary of the company.

(b) the interests of the company's employees

Aside from the Executive Directors and Company Secretary, the company does not have any other employees.

(c) the need to foster the company's business relationships with suppliers, customers and others

Aside from a small number of service providers, the success of the company's investment strategy will be driven in part by the business relationships that exist between the Directors and the principals and management of other companies involved in the energy storage value chain and renewable energy projects development sectors and as such the maintenance of such relationships is given a very high priority by the Directors. Shareholders have been engaged with extensively as part of the capital raising and admission to the London Stock Exchange.

(d) the impact of the company's operations on the community and the environment

During the year under review the company had limited operations. The Directors are nevertheless cognisant of the potential impact of future investments on affected communities and the environment and such factors will continue to be considered as part of investment appraisal and decision making.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

The company's standing and reputation with equity investors, providers of debt, advisors and the relevant authorities are key in the company achieving its investment objectives and the company's ethics and behaviour, as summarised in the company's Business Principle and Ethics, and will continue to be central to the conduct of the Directors. The company is advised by experienced advisers which also assist in maintaining high standards of conduct. The policy the Company's Business Principle and Ethics can be found on the company's website at http://www.mustangplc.com/.

(f) the need to act fairly as between members of the company

The Directors will continue to act fairly between the members of the company as required under the Companies Act, the LSE Regulations and UK Corporate Governance code.

The company is transitioning from operating as a cash shell to an investment holding company seeking further investments in the energy storage value chain and renewable energy projects development space. The Directors are as transparent about the cash position of the company and its funding requirements as is allowed under the Listing Rules.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2022:

- Any contracts for services provided have been undertaken with a clear cap on financial exposure; and
- Maintain a policy of no rented office space with all directors working virtually.

As a cash shell and an investment company, the Board seriously considers its ethical responsibilities to the communities and environment.

On behalf of the board

A J Broome

Director

Date: 11 May 2023

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction
The company recognises the importance of, and is committed to, high standards of Corporate Governance. Whilst the company is not formally required to comply with a Corporate Governance Code, the company has looked to the requirements of the UK Code of Corporate Governance published in July 2018 (the Code) and sought to apply aspects of the Code for best practice where deemed appropriate but does not comply with the Code in full. The following sections explain how the company has applied the aspects of the Code that it considers relevant to the company.

Compliance with the UK Code of Corporate Governance
Whilst the company has not sought to comply with the Code in full, there are certain provisions it specifically does not comply with, given the size and early-stage nature of the company, as noted below:

- Provision 11 of the Code requires that at least half of the board should be non-executive directors whom the board considers to be independent. Non-Executive Directors are interested in ordinary shares in the company and cannot therefore be considered fully independent under the Code. However Alan Broome, Peter Wale, Simon Holden and Jacqueline Yee are considered to be independent in character and judgement.
- Provision 17 of the Code requires that the board should establish a Nomination Committee with at least two independent non-executive directors.
- Provision 24 of the Code requires that the board should establish an Audit Committee with at least two independent non-executive directors.
- Provision 25 of the Code requires that the board should establish a Risk Committee with comprised of independent non-executive directors.
- Provision 32 of the Code requires that the board should establish a Remuneration Committee with at least two independent non-executive directors.

Until a prospectus is issued, shareholders have approved the issuance of shares and warrants to the holder of the Convertible Loan Notes and the company shares are relisted and trading, the company will not have a nomination, remuneration, audit or risk committees. The Board as a whole will instead review its size, structure, 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, 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 the issuance of a prospectus and the company's shares are relisted and trading, the Board intends to put in place nomination, remuneration, audit and risk committees.

The Board has a share dealing code that complies with the requirements of the Market Abuse Regulation and which is available on the company's website. All persons discharging management responsibilities (comprising only the Directors at the current time) shall comply with the share dealing code at all times.

The UK Corporate Governance Code can be found at www.frc.org.uk.

Set out below are Mustang Energy' corporate governance practices for the year ended 31 December 2022. After the company has issued a prospectus and the company's shares are relisted and trading, these corporate governance practices will be considered and reviewed to ensure they remain appropriate.

Leadership
The company is headed by an effective Board which is collectively responsible for the long- term success of the company.

The role of the Board - The Board sets the company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. To achieve this, the Board directs and monitors the company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the company's core values and standards of business conduct and for ensuring that these, together with the company's obligations to its stakeholders, are widely understood throughout the company. The Board has a formal schedule of matters reserved which is provided later in this report.

Leadership (continued)

Board Meetings - The core activities of the Board are carried out in scheduled meetings of the Board. These meetings are timed to link to key events in the company's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During the period, the full Board met on 3 occasions. Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the company or their areas of responsibility, and to keep them fully briefed on the company's operations. Where Directors have concerns which cannot be resolved about the running of the company, or a proposed action, they will ensure that their concerns are recorded in the Board minutes.

Matters reserved specifically for Board - The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of:

- The company's overall strategy;
- Financial statements and dividend policy;
- Management structure including succession planning, appointments and remuneration; material acquisitions and disposals, material contracts, major capital expenditure projects and budgets;
- Capital structure, debt and equity financing and other matters;
- Risk management and internal controls;
- The company's corporate governance and compliance arrangements; and
- Corporate policies.

Summary of the Board's work in the year – During the year, the Board considered all relevant matters within its remit, but focused in particular on the establishment of the company and the identification of suitable investment opportunities for the company to pursue, the associated due diligence work as required and the decisions thereon.

Attendance at meetings:

Member	Position	Meetings attended
Alan Broome, AM	Non-Executive Chairman	3 of 3
Dean Gallegos	Managing Director	3 of 3
Peter Wale	Non-Executive Director	3 of 3
Simon Holden	Non-Executive Director	3 of 3
Jacqueline Yee	Non-Executive Director	3 of 3

The Chairman, Alan Broome, AM, proposes and seeks agreement to the Board Agenda and ensures adequate time for discussion.

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 the issuance of a prospectus and the company's shares are relisted and trading.

The terms and conditions of appointment of Non-Executive Directors will be made available upon written request.

Other governance matters - All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director.

The Company Secretary - The Company Secretary is Simon Holden who is responsible for the Board complying with UK procedures.

For the period under review the Board comprised of a Non-Executive Chairman and 3 Non-Executive Directors. Biographical details of the Board members are set out on page 2 of this report.

Leadership (continued)
The Directors are of the view that the Board consist of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

Independence - The non-executive Directors bring a broad range of business and commercial experience to the company. The Board considers Alan Broome, Peter Wale, Simon Holden and Jacqueline Yee to be independent in character and judgement; this has been explored in more detail on page 15.

Appointments – the Board is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with regards to any required changes.

Commitments – All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction - All new Directors received an informal induction as soon as practical on joining the Board. No formal induction process exists for new Directors, given the size of the company, but the Chairman ensures that each individual is given a tailored introduction to the company and fully understands the requirements of the role.

Board performance and evaluation – The Chairman normally carries out an annual formal appraisal of the performance of the other Directors which takes into account the objectives set in the previous period and the individual's performance in the fulfilment of these objectives.

Although the Board consisted of four male Directors and one female Director, the Board supports diversity in the Boardroom and the Financial Reporting Council's aims to encourage such diversity. Aside from the Directors, there are no employees in the company. The following table sets out a breakdown by gender at 31 December 2022:

	Male	**Female**
Directors	4	1

The Board will pursue an equal opportunity policy and seek to employ those persons most suitable to delivering value for the company.

Accountability
The Board is committed to providing shareholders with a clear assessment of the company's position and prospects. This is achieved through this report and as required other periodic financial and trading statements. The Board has made appropriate arrangements for the application of risk management and internal control principles.

Going concern – The preparation of the financial statements requires an assessment on the validity of the going concern assumption.

The company's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement and the Strategic Report. Further, note 23 to the financial statements discloses the company's financial risk management policy. As noted in the Directors' report, on 28 April 2023 the parties to the investment agreement dated 26 April 2021 (as subsequently amended and restated) (the "Investment Agreement"), relating to the company's conditional purchase of shares in VRFB-H ("VRFB Share Purchase"), agreed to extend the longstop date to satisfy the principal outstanding condition of the VRFB Share Purchase, namely the publication by the company of a prospectus and the readmission of the company's shares ("MUST Shares") to the Official List and to trading on the London Stock Exchange's main market for listed securities (together, "Readmission") by no later than 31 July 2023 (the "Longstop Extension"). In turn, the Longstop Extension was mirrored in the company's convertible loan note instrument (the "CLN Instrument") pursuant to which it issued US$8 million 10% convertible loan notes (the "CLNs") to certain investors (the "CLN Holders") such that the maturity date of the CLNs was, as agreed between the company and the CLN Holders, extended to 31 July 2023 (or such later date as may be agreed between the company and the CLN Holders) (the "Maturity Date").

Under the terms of the CLN Instrument, the CLNs are convertible into new MUST Shares, following: (a) the approval of its shareholders of the company's capital raise; and (b) Readmission occurring on or before the Maturity Date. At the date of this report, Readmission has not occurred albeit the company is working with its professional advisors to satisfy this requirement. If Readmission does not occur by the Maturity Date, the CLNs (comprised of the principal amount of US$8 million and all accrued and unpaid interest thereon) can be redeemed for cash within 28 days of the Maturity Date (the "Redemption Period"). If the company determines that it is unable to repay the CLNs within the Redemption Period, it will be required to notify the CLN Holders of this and shall exercise its rights under the Investment Agreement pursuant to which Bushveld Minerals Limited ("BMN") is required, in return for the company transferring to BMN's subsidiary Bushveld Energy Limited its shares in VRFB-H, to issue to each CLN Holder, within the Redemption Period, such number of new ordinary shares in the capital of BMN as is equivalent to the then outstanding amount of the CLNs (including principal and all accrued and unpaid interest thereon) (the "Backstop").

On 10 January 2023, the company entered a loan agreement with BMN (replacing in its entirety the loan agreement entered by the parties on 25 January 2022) pursuant to which BMN provided the company with an unsecured non- interest bearing loan of US$320,000 (the "Loan"). The Loan is repayable in full at any time on or prior to 31 December 2023 (the "Repayment Date") and is repayable in any event if the company raises any debt or equity capital of no less than £1 million (excluding any conversion of the CLNs into new MUST Shares) prior to the Repayment Date. At the option of the company, the Loan is repayable either by way of a single repayment in cash or by the issue of such number of new MUST Shares as is equal to the Loan (the "Loan Shares"). The issue price of the Loan Shares is the greater of £0.20 per MUST Share and the average volume-weighted average price of a MUST Share for the consecutive 10 dealing days ending on the dealing day immediately preceding the repayment date. The Loan shall be waived in full if the Backstop is implemented prior to the Repayment Date.

If Readmission occurs on or by the Maturity Date, the Directors, having assessed cash flow forecasts prepared for a period of at least 12 months, are of the opinion that the company will have adequate working capital to meet the overhead costs of the enlarged group and given that upon Readmission the proposed acquisition(s) would be unconditional for at least 12 months from the date of approving these accounts. The belief that the company shall have sufficient working capital to meet its needs following Readmission is predicated on the Directors' anticipation that the company, in line with its strategy, shall, concurrent with the Readmission process, seek to raise additional finance to fund further acquisitions and for further working capital purposes.

If Readmission does not occur and the Backstop is triggered the company will divest its only asset, being its current 22.1% interest in VRFB-Holdings. The company will need to raise additional funds through the issuance of debt or equity to pay overhead costs for the next 12 months from the date of approval of these financial statements and to fund due diligence costs for a new acquisition caused by the publication of a prospectus and readmission of the entire issued MUST Shares to trading. Whilst successful completion of future fundraisings is inherently uncertain, the directors are confident that sufficient funds will be raised in this scenario based on their discussions with existing shareholders.

These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the company was not a going concern but note that the auditors make reference to going concern by way of a material uncertainty over the ability of the company to fund the recurring and projected expenditure.

The Directors consider that despite this uncertainty it remains appropriate to prepare the financial statements on a going concern basis as the company is currently preparing for Readmission.

Internal controls - The Board of Directors reviews the effectiveness of the company's system of internal controls in line with the requirement of the Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliance and risk management. The company had necessary procedures in place for the period under review and up to the date of approval of the Annual Report and financial statements. The Directors acknowledge their responsibility for the company's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the company. The Directors carry out a risk assessment before signing up to any commitments.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

At the present, due to the size of the company, there is no internal audit function. The requirement for internal audit will be considered following the completion of the issuance of a prospectus and the company's shares are relisted and trading.

External auditor
The company's external auditor is PKF Littlejohn LLP. The external auditor has unrestricted access to the Board. The Board is satisfied that PKF Littlejohn LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditors report to the Board annually on their independence from the company. In accordance with professional standards, the partner responsible for the audit is changed every five periods. The current auditor, PKF Littlejohn LLP was first appointed by the company in December 2022, and therefore the current partner is due to rotate off the engagement after completing the audit for the period ended 31 December 2026. Having assessed the performance objectivity and independence of the auditors, the Board currently intends to reappoint PKF Littlejohn LLP as auditors to the company at the 2023 Annual General Meeting.

£47,000 plus VAT was accrued for, payable to PKF Littlejohn LLP, in relation to the audit of the 31 December 2022 financial statements.

Shareholder relations
Communication and dialogue – Open and transparent communication with shareholders is given high priority and there is regular dialogue with institutional investors, as well as general presentations made at the time of the release of the annual and interim results. All Directors are kept aware of changes in major shareholders in the company and are available to meet with shareholders who have specific interests or concerns. The company issues its results promptly to individual shareholders and also publishes them on the company's website. Regular updates to record news in relation to the company and the status of its acquisition plans are included on the company's website. Shareholders and other interested parties can subscribe to receive these news updates by email by registering online on the website free of charge.

The Directors are available to meet with institutional shareholders to discuss any issues and gain an understanding of the company's business, its strategies and governance. Meetings can also be held with the corporate governance representatives of institutional investors when requested.

Annual General Meeting - At every AGM individual shareholders will be given the opportunity to put questions to the Chairman and to other members of the Board that may be present. Notice of the AGM is sent to shareholders at least 21 working days before the meeting. Details of proxy votes for and against each resolution, together with the votes withheld are announced to the London Stock Exchange and are published on the company's website as soon as practical after the meeting.

Approved on behalf of the Board of Directors by:

Alan Broome, AM
Non-Executive Chairman

Date: 11 May 2023

REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Remuneration report approval

A resolution to approve this report will be proposed at the AGM of the company. The vote will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to individual levels of remuneration.

Remuneration policy

In February 2020 given the investment of time in the operation of the company and its search for a suitable acquisition the Board approved a monthly payment of £5,000 to the Managing Director Dean Gallegos. On completion of the acquisition of the 22.1% interest in VRFB-H in April 2021 the monthly payment was increased to £10,000 per month, the company also commenced the payment of non-executive directors fees that total £6,500 per month. This was the last date of approval of the directors' remuneration policy by the company. At this meeting implementation of the policy was discussed and agreed. All members can access the minutes from this meeting and the director's remuneration policy on request from the Managing Director.

It is the intention of the Board to negotiate a new service agreement with the Managing Director Dean Gallegos once the company has issued a prospectus and its shares are relisted and trading. The quantum of fees paid to Non-Executive directors will also be re-assessed at that time.

Other Employees

At present there are no other employees in the company other than the Directors, so this policy only applies to the Board.

Terms of appointment

The services of the Directors are provided in accordance with their appointment letter. Directors are expected to devote such time as is necessary for the proper performance of their duties, but as a minimum they are expected to commit at least one day per month, which shall include attendance at all meetings of the Board and any sub-committees of the Board.

Director	**Period of appointment**	**Number of periods completed**
Alan Broome, AM	2018	5
Dean Gallegos	2018	5
Peter Wale	2018	5
Simon Holden	2018	4
Jacqueline Yee	2020	2

Set out below are the emoluments of the Directors for the year ended 31 December 2022 (GBP):

Director	**Salary and fees**	**Taxable benefits**	**Annual bonus and long term benefits**	**Pension related benefits**	**Share based payments**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Alan Broome, AM	30,000	-	-	-	-	30,000
Dean Gallegos	120,000	-	-	-	-	120,000
Peter Wale	24,000	-	-	-	-	24,000
Simon Holden	24,000	-	-	-	-	24,000
Jacqueline Yee	24,000	-	-	-	-	24,000
Total	222,000	-	-	-	-	222,000

Set out below are the emoluments of the Directors for the year ended 31 December 2021 (GBP):

Director	**Salary and fees**	**Taxable benefits**	**Annual bonus and long term benefits**	**Pension related benefits**	**Share based payments**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Alan Broome, AM	20,000	-	-	-	-	20,000
Dean Gallegos	100,000	-	-	-	-	100,000
Peter Wale	16,000	-	-	-	-	16,000
Simon Holden	-	-	-	-	-	-
Jacqueline Yee	16,000	-	-	-	-	16,000
Total	152,000	-	-	-	-	152,000

	Total fixed remuneration		**Total variable remuneration**	
	2022	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**
Total	222,000	152,000	-	-

Pension contributions (audited)
The company does not currently have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The company has not paid out any excess retirement benefits to any Directors or past Directors in the year (2021: £nil).

Payments to past directors (audited)
The company has not paid any compensation to past Directors in the year (2021: £nil).

Share Options
The Directors did not exercise any share options in 2022 (2021: nil).

Payments for loss of office (audited)
No payments were made for loss of office during the year (2021: £nil).

UK Remuneration percentage changes
The following table shows the percentage change in the remuneration of executive directors in 2022 and 2021.

Base salary

	2022	**2021**	**Average change**
	£	**£**	**%**
Managing director	120,000	100,000	20%

UK 10-period performance graph

The Directors have considered the requirement for a UK 10-period performance graph comparing the company's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the company made its first investment in April 2021 and its shares have been suspended from trading since that time, is not paying dividends, is currently incurring losses as it gains scale. In addition and as mentioned above, the remuneration of Directors is not currently linked to performance. The Directors will review the inclusion of this table for future reports.

UK 10-period CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-period CEO table. The Directors do not currently consider that including these tables would be meaningful given that the company is not yet trading and the Managing Director's remuneration is not currently linked to performance. The Directors will review the inclusion of this table for future reports.

Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the company does not currently pay dividends we have not considered it necessary to include such information.

UK Directors' shares (audited)

The interests of the Directors who served during the year in the share capital of the company at 31 December 2022 and at the date of this report has been set out in the Directors' Report on page 4.

Other matters

The company does not currently have any other annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

Approved on behalf of the Board of Directors by:

Alan Broome, AM

Non-Executive Chairman

Date: 11 May 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUSTANG ENERGY PLC

Opinion

We have audited the financial statements of Mustang Energy PLC (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company incurred a net loss of £558,898 during the year ended 31 December 2022 and, as of that date, the company’s current liabilities exceeded its current assets by £8,016,898 and that the company is reliant on raising further finance in order to fund their forecasted expenditures. As stated in note 1.2, these events or conditions, along with the other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included reviewing and challenging cashflow forecasts prepared by management covering the 12 months from the approval of these financial statements and the related key assumptions, ascertaining the company’s current financial position and cash reserves, ascertaining the repayment dates and terms of all loans currently held and discussing their strategies regarding re-admission and future fund raises.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the financial statements was set at £93,000 (2021: £79,000) based upon 1.5% of gross assets (2021: 1.3% of gross assets). Materiality has been based upon gross assets due to the significant asset balances in the Statement of Financial Position and the number of identified risks in relation to the Statement of Financial Position balances relative to the Statement of Comprehensive Income balances.

Performance materiality and the triviality threshold for the financial statements was set at £65,100 (2021: £59,250) and £4,650 (2021: £3,950) respectively due to the number of significant risks identified and their assessed risk. We also agreed to report to the Board of Directors any other differences below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the recoverable value of loan receivables and the fair value assigned to warrants issued in the year. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our scope addressed this matter
Classification and Valuation of investment	
The company holds an investment in VRFB Holdings Limited ('VRFB-H'), a private company, representing 22.1% of the investee's ordinary share capital (Note 11). In August 2022 and November 2022, the company entered into conditional agreements to acquire a further 27.4% and 50.5% respectively. Management have assessed that the company does not have control or significant influence over VRFB-H and have therefore classified the investment as a financial asset under IFRS 9 Financial Instruments and have held it at fair value through profit and loss. Given the material value of the investment and the judgements (Note 3) required in assessing both whether the company had control or significant influence over the investee and the fair value of the investment, given it is an unlisted investment, there is a risk that the financial statements are materially misstated due the investment being incorrectly classified and/or being held at an inappropriate carrying value.	Our work in this area included but was not limited to: • Obtaining and reviewing the investment agreement covering the 22.1% held at the year end and the conditional agreements to acquire a further 77.9%; • Obtaining management's rationale for the classification of the investment and critically assessing whether the company has control or significant influence over the investee; and • Obtaining management's rationale for the fair value assigned, reviewing and challenging the key assumptions and inputs used in deriving the fair value and considering whether the valuation is in line with IFRS 9 and IFRS 13. From the performance of the aforementioned procedures, we consider that the judgements applied in the classification and valuation of the investment to be reasonable.

Key audit matter	How our scope addressed this matter
Valuation of convertible loan notes	
In 2021, convertible loan notes (Note 15) totaling $8m were issued by the company in order to fund their investment in VRFB-H. The terms of the convertible loan notes were amended within the year on several occasions. In 2022, a further $0.2m was raised via the issuing of convertible loan notes (Note 14). The conversion features of both convertible loan notes are complex to classify and value and in order to value them, the directors are required to make estimates (Note 3) related to future share prices and expected foreign exchange rates. As such, and given the changes in the terms of the convertible loan notes issued in 2021 and the value of the loans in question, there is a risk that the loans and related conversion features may be materially misstated.	Our work in this area included but was not limited to: • Vouching the terms of both loan agreements to the client's assessment and underlying agreements and following the issuing of the convertible loan note during the year, confirming the receipt of cash; • Reviewing the accounting treatment applied and entries made in respect of both convertible loan notes and their associated embedded derivative assets to ensure they were in accordance with the requirements of IFRS 9; • Evaluating management's valuation of the loan and its conversion features; and • Obtaining management's valuations and ascertaining the methods, key assumptions and inputs used and challenging their reasonableness, verifying to observable inputs wherever possible. From the performance of the aforementioned procedures, we consider that the estimates and judgements applied in the classification and valuation of both convertible loan notes and their associated embedded derivative assets to be reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management and independent research.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the FCA Rules and Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - Discussions with management regarding compliance with laws and regulations by the company;
  - Reviewing board minutes; and
  - Review of regulatory news announcements made.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the fair value assigned to the investment in VRFB-H and the fair value assigned to the embedded derivative assets arising from the convertible loan notes. We addressed these risks by challenging the assumptions and judgements made by management when auditing these significant accounting estimates (see the Key audit matters section of our report).

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 13 December 2022 to audit the financial statements for the period ending 31 December 2022 and subsequent financial periods. Our total uninterrupted period of engagement is 1 year covering the period ending 31 December 2022.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of Directors.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 11 May 2023

MUSTANG ENERGY PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Administrative expenses	**26**	(608,693)	(274,927)
Operating loss	**4**	(608,693)	(274,927)
Finance costs	**5**	(656,871)	(601,891)
Other gains/(losses)	**6**	706,666	(25,806)
Loss before taxation		(558,898)	(902,624)
Income tax expense	**8**	-	-
Loss and total comprehensive loss for the year		(558,898)	(902,624)
Loss per share from continuing operations attributable to the equity owners	**9**		
Basic and diluted loss per share (pence per share)		(0.05)	(0.09)

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 35 to 55 form part of these financial statements.

MUSTANG ENERGY PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Non-current assets			
Property, plant and equipment	**10**	1,022	1,525
Investments held at FVTPL	**11**	7,056,976	5,573,333
		7,057,998	5,574,858
Current assets			
Trade and other receivables	**12**	8,605	13,117
Cash and cash equivalents		22,994	394,700
		31,599	407,817
Total assets		7,089,597	5,982,675
Current liabilities			
Trade and other payables	**13**	114,271	52,725
Other borrowings	**14**	182,484	-
Convertible loan notes	**15**	7,751,742	6,329,952
		8,048,497	6,382,677
Net current liabilities		(8,016,898)	(5,974,860)
Total liabilities		8,048,497	6,382,677
Net liabilities		(958,900)	(400,002)
Equity			
Called up share capital	**17**	102,816	102,816
Share premium account	**18**	810,219	810,219
Share based payment reserve	**16**	91,100	91,100
Retained losses	**19**	(1,963,035)	(1,404,137)
Total equity		(958,900)	(400,002)

The financial statements were approved by the board of directors and authorised for issue on 11 May 2023 and are signed on its behalf by:

D L Gallegos
Director

Company Registration No. 11155663

MUSTANG ENERGY PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Share premium account	Equity reserve	Retained losses	Total
		£	£	£	£	£
Balance at 1 January 2021		84,000	654,000	91,100	(501,513)	327,587
Loss and total comprehensive loss for the year		-	-	-	(902,624)	(902,624)
Transactions with owners in their capacity as owners:						
Issue of share capital	**17**	16,716	137,319	-	-	154,035
Exercise of warrants		2,100	18,900	-	-	21,000
Balance at 31 December 2021		102,816	810,219	91,100	(1,404,137)	(400,002)
Loss and total comprehensive loss for the year		-	-	-	(558,898)	(558,898)
Transactions with owners		-	-	-	-	-
Balance at 31 December 2022		102,816	810,219	91,100	(1,963,035)	(958,900)

The notes on page 35 to 55 form part of these financial statements.

MUSTANG ENERGY PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash absorbed by operations	**24**		(542,372)		(370,984)
Interest paid			(15)		-
Net cash outflow from operating activities			(542,387)		(370,984)
Investing activities					
Purchase of property, plant and equipment		-		(1,526)	
Purchase of investments		-		(5,416,847)	
Net cash used in investing activities			-		(5,418,373)
Financing activities					
Proceeds from issue of shares		-		188,160	
Share issue costs		-		(13,125)	
Issue of convertible loans		-		5,667,316	
Proceeds from borrowings		163,428		-	
Net cash generated from financing activities			163,428		5,842,351
Net (decrease)/increase in cash and cash equivalents			(378,959)		52,994
Cash and cash equivalents at beginning of year			394,700		345,200
Effect of foreign exchange rates			7,253		(3,494)
Cash and cash equivalents at end of year			22,994		394,700

There were no significant non-cash transactions other than those in relation to the convertible loan notes and the valuation of company's investments disclosed in notes 15 and 11 respectively.

1 Accounting policies

Company information

Mustang Energy PLC is a public company limited by shares incorporated and domiciled in England and Wales. The registered office is 48 Chancery Lane, c/o Keystone Law, London, WC2A 1JF.

The principal activities of the company are set out in the Directors Report on page 3.

1.1 Accounting convention

The financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IAS) and with those parts of the Companies Act 2006 applicable to companies reporting under UK-adopted IAS.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement and the Strategic Report. Further, note 23 to the financial statements discloses the company's financial risk management policy. As noted in the Directors' report, on 28 April 2023 the parties to the investment agreement dated 26 April 2021 (as subsequently amended and restated) (the "Investment Agreement"), relating to the company's conditional purchase of shares in VRFB-H ("VRFB Share Purchase"), agreed to extend the longstop date to satisfy the principal outstanding condition of the VRFB Share Purchase, namely the publication by the company of a prospectus and the readmission of the company's shares ("MUST Shares") to the Official List and to trading on the London Stock Exchange's main market for listed securities (together, "Readmission") by no later than 31 July 2023 (the "Longstop Extension"). In turn, the Longstop Extension was mirrored in the company's convertible loan note instrument (the "CLN Instrument") pursuant to which it issued US$8 million 10% convertible loan notes (the "CLNs") to certain investors (the "CLN Holders") such that the maturity date of the CLNs was, as agreed between the company and the CLN Holders, extended to 31 July 2023 (or such later date as may be agreed between the company and the CLN Holders) (the "Maturity Date").

Under the terms of the CLN Instrument, the CLNs are convertible into new MUST Shares, following: (a) the approval of its shareholders of the company's capital raise; and (b) Readmission occurring on or before the Maturity Date. At the date of this report, Readmission has not occurred albeit the company is working with its professional advisors to satisfy this requirement. If Readmission does not occur by the Maturity Date, the CLNs (comprised of the principal amount of US$8 million and all accrued and unpaid interest thereon) can be redeemed for cash within 28 days of the Maturity Date (the "Redemption Period"). If the company determines that it is unable to repay the CLNs within the Redemption Period, it will be required to notify the CLN Holders of this and shall exercise its rights under the Investment Agreement pursuant to which Bushveld Minerals Limited ("BMN") is required, in return for the company transferring to BMN's subsidiary Bushveld Energy Limited its shares in VRFB-H, to issue to each CLN Holder, within the Redemption Period, such number of new ordinary shares in the capital of BMN as is equivalent to the then outstanding amount of the CLNs (including principal and all accrued and unpaid interest thereon) (the "Backstop").

1 Accounting policies **(Continued)**

On 10 January 2023, the company entered a loan agreement with BMN (replacing in its entirety the loan agreement entered by the parties on 25 January 2022) pursuant to which BMN provided the company with an unsecured non- interest bearing loan of US$320,000 (the "Loan"). The Loan is repayable in full at any time on or prior to 31 December 2023 (the "Repayment Date") and is repayable in any event if the company raises any debt or equity capital of no less than £1 million (excluding any conversion of the CLNs into new MUST Shares) prior to the Repayment Date. At the option of the company, the Loan is repayable either by way of a single repayment in cash or by the issue of such number of new MUST Shares as is equal to the Loan (the "Loan Shares"). The issue price of the Loan Shares is the greater of £0.20 per MUST Share and the average volume-weighted average price of a MUST Share for the consecutive 10 dealing days ending on the dealing day immediately preceding the repayment date. The Loan shall be waived in full if the Backstop is implemented prior to the Repayment Date.

If Readmission occurs on or by the Maturity Date, the Directors, having assessed cash flow forecasts prepared for a period of at least 12 months, are of the opinion that the company will have adequate working capital to meet the overhead costs of the enlarged group and given that upon Readmission the proposed acquisition(s) would be unconditional for at least 12 months from the date of approving these accounts. The belief that the company shall have sufficient working capital to meet its needs following Readmission is predicated on the Directors' anticipation that the company, in line with its strategy, shall, concurrent with the Readmission process, seek to raise additional finance to fund further acquisitions and for further working capital purposes.

If Readmission does not occur and the Backstop is triggered the company will divest its only asset, being its current 22.1% interest in VRFB-Holdings. The company will need to raise additional funds through the issuance of debt or equity to pay overhead costs for the next 12 months from the date of approval of these financial statements and to fund due diligence costs for a new acquisition caused by the publication of a prospectus and readmission of the entire issued MUST Shares to trading. Whilst successful completion of future fundraisings is inherently uncertain, the directors are confident that sufficient funds will be raised in this scenario based on their discussions with existing shareholders.

These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the company was not a going concern but note that the auditors make reference to going concern by way of a material uncertainty over the ability of the company to fund the recurring and projected expenditure.

The Directors consider that despite this uncertainty it remains appropriate to prepare the financial statements on a going concern basis as the company is currently preparing for Readmission.

1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.4 Non-current investments

Investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

1 Accounting policies **(Continued)**

1.5 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as measured at fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. This includes the company's equity investments. Financial assets not classified as fair value through profit or loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company applies the expected credit loss model in respect of other receivables. The company tracks changes in credit risk, and recognises a loss allowance based on lifetime ECLs at each reporting date. Lifetime ECLs are determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the other receivables will default and the amount of losses that would arise as a result of that default. Analysis indicated that the company will fully recover the carrying value of the other receivables so no ECL has been recognised in the current period.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

Financial liabilities include borrowings and trade and other payables. These are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, using the effective interest method.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in a hybrid contract with financial liability hosts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Derivative assets embedded within financial liability hosts are combined with the corresponding financial liability host and are shown net in the statement of financial position.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

No new UK-adopted IAS, amendments or interpretation became effective in the year ended 31 December 2022 which has a material effect on this financial information.

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

- Amendments to IFRS 6- Lease liability in a Sale and Leaseback.
- Amendments to IAS 12 in deferred tax relating to assets and liabilities arising from a single transaction.
- Amendments to IAS 1: Classification of liabilities as Current or Non-current.
- Amendments to IAS 1 Non current Liabilities with Covenants.
- Amendments to IAS 8 in the definition of Accounting Estimates.
- Amendments to IAS 1 in disclosure of accounting policies.

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

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Investments

During the year ended 31 December 2022, the company successfully defended the Litigation, as detailed within the Chairmans report on page 1, which was dismissed on 7 March 2022. However, the company was still unable to exercise significant influence over VRFB-H throughout the year for primarily for the following reasons:

- The company was in negotiations with Acacia and BEL to acquire their remaining 27.4% and 50.5% respective stakes in VRFB-H which were successfully completed and announced to the market on 3 August 2022 and 28 November 2022. However, both acquisitions are conditional on Readmission which was continuously pushed back and is deemed to be a substantive condition that prevents the company from increasing its influence or control over VRFB-H.

- As of 31 December 2022, the new shareholder agreement has not yet been drafted or executed.

- As of 31 December 2022, BEL, a 84% owned subsidiary of Bushveld Minerals Limited, owns 50.5% of VRFB-H and has made its 2 appointments to the board of VRFB-H. Acacia owns 27.4% of VRFB-H and has made their appointment to the board of VRFB-H. The company does not have sole control over VFRB-H.

- There continued to be no board meetings of VRFB-H and the company has not received management information on the investee.

The company therefore is unable to exercise significant influence over VRFB-H until Readmission occurs (leading to conversion of the CLN) and its Stage 1, Stage 2 and Stage 3 Acquisitions of VRFB-H and VRFB-H's purchase of the remaining 50% interest in EHL from Garnet becoming permanent and unconditional. Until such time, the company remains effectively a minority shareholder exposed to the returns of the investee but has no influence over its operations.

The company's investment in VRFB-H has not met the conditions for equity accounting at any point since its initial investment in April 2021 and throughout the year ended 31 December 2022 and thus continues to be accounted for as a financial asset measured at fair value through profit or loss within the scope of IFRS 9 in these financial statements, as detailed in note 11.

3 Critical accounting estimates and judgements (Continued)

Key sources of estimation uncertainty

Convertible Loan Notes - valuation of embedded derivatives

The CLN issued by the company contains embedded derivatives representing the company's option to settle the liability in shares and warrants instead of cash. The terms of the instrument are complex and require judgement regarding the probability of various scenarios occurring, as well as estimating the company's future share price and future GBP/USD exchange rates. The directors performed sensitivity analysis on various valuation inputs which showed that the value of the embedded derivative is nil with no gain or loss recognised in profit or loss for the year. Further details can be found in note 15.

Fair value of the company's investment in VRFB-H

The company holds its 22.1% interest in VRFB-H at fair value. The shares are unquoted and therefore the directors have estimated their fair value as at 31 December 2022 based on arms-length transactions that took place during the year. Further details can be found in note 11.

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

4 Operating loss

Operating loss for the year is stated after charging:	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's financial statements	47,000	42,181
Depreciation of property, plant and equipment	503	169

5 Finance costs

	2022 £	2021 £
Interest on convertible loan notes (note 15)	670,240	491,631
Other interest payable	15	-
Total interest expense	670,255	491,631
Gain on modification of controvertible loan note liability (note 15)	(13,384)	-
Loss on convertible loan note derivative (note 15)	-	110,260
	656,871	601,891

6 Other gains and losses

	2022 £	2021 £
Gain on fair value investments (note 11)	816,269	-
Exchange losses (note 11, 15)	(109,603)	(25,806)
	706,666	(25,806)

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Directors	5	5

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	222,000	152,000
Social security costs	2,121	988
	224,121	152,988

8 Income tax expense

	2022 £	2021 £

The charge for the year can be reconciled to the loss per the income statement as follows:

	2022 £	2021 £
Loss before taxation	(558,898)	(902,624)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(106,191)	(171,499)
Effect of expenses not deductible in determining taxable profit	27,623	25,631
Unutilised tax losses carried forward	78,472	145,836
Depreciation on assets not qualifying for tax allowances	96	32
Taxation charge for the year	-	-

At the reporting date the company had accumulated tax losses of approximately £1,480,000 (2021 - £1,063,000) available for carry forward against future trading profits.

A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be used. Tax losses can be carried forward indefinitely.

9 Earnings per share

	2022 Number	2021 Number
Number of shares		
Weighted average number of ordinary shares for basic and diluted earnings per share	10,281,600	9,809,727

9 Earnings per share **(Continued)**

	2022	2021
Earnings	**£**	**£**
Continuing operations		
Loss for the period from continued operations	(558,898)	(902,624)

	2022	2021
	£ per share	**£ per share**
Basic and diluted earnings per share		
From continuing operations	(0.05)	(0.09)

The share options and warrants as disclosed in note 16 are considered to be anti-dilutive due to the loss made for the year.

10 Property, plant and equipment

	Plant and equipment £
Cost	
At 1 January 2021	1,160
Additions	1,526
At 31 December 2021	2,686
At 31 December 2022	2,686
Accumulated depreciation and impairment	
At 1 January 2021	992
Charge for the year	169
At 31 December 2021	1,161
Charge for the year	503
At 31 December 2022	1,664
Carrying amount	
At 31 December 2022	1,022
At 31 December 2021	1,525

11 Investments held at FVTPL

	2022 £	2021 £
Shares in unlisted entity	7,056,976	5,573,333

11 Investments held at FVTPL (Continued)

Movements in non-current investments

	2022	2021
	£	£
Cost or valuation		
Brought forward	5,573,333	-
Additions	-	5,416,846
Gain on fair value of investment	816,269	-
Fair value adjustment due to changes in exchange rate	667,374	156,487
Carried forward	7,056,976	5,573,333
Carrying amount		
Carried forward	7,056,976	5,573,333

The underlying fair value of the company's investment in VRFB-H increased from US$ 7,524,000 to US$ 8,508,121 during the year ended 31 December 2022 leading to a gain of £816,269 (2021: £nil) recognised in other gains and losses in profit or loss. The changes in the fair value of the company's investment due to changes in the USD/GBP exchange rate of £667,374, (2021: £156,487) is included in the in profit or loss within exchange losses (note 6). The directors estimated the underlying fair value of VRFB-H by reference to the arms-length transactions the company has entered into with other VRFB-H shareholders to acquire their remaining shareholdings, being Stage 2 and Stage 3 acquisitions, subject to the company's Readmission, announced on 3 August 2022 and 28 November 2022 respectively. The Directors do not consider there to be a material change in the underlying fair value of VRFB-H between 28 November 2022 and 31 December 2022.

12 Trade and other receivables

	2022	2021
	£	£
VAT recoverable	496	116
Other receivables	8,109	7,665
Prepayments	-	5,336
	8,605	13,117

13 Trade and other payables

	2022	2021
	£	£
Trade payables	2,077	693
Accruals	62,750	49,400
Social security and other taxation	5,140	2,632
Other payables	44,304	-
	114,271	52,725

14 Other borrowings

	2022	2021
	£	£
Borrowings held at amortised cost:		
Working capital loan	182,484	-

On 25 January 2022, the company received a working capital loan from BMN of US$220,000. The loan is repayable at the earlier of: 31 December 2023 or the company raising £1 million of new funding and carries no interest. The company can redeem the loan at any time, either in cash or in shares in the company, valued at the higher of £0.20 or the volume weighted average price on the preceding 10 trading days.

The option to convert the loan into company shares is a non-closely embedded derivative. The fair value of the derivative at 25 January 2022 and 31 December 2022 is trivial and is thus deemed to be £nil.

The loan is a financial liability carried at amortised cost with an effective interest rate of nil.

The term of the loan was modified subsequent to the year end as detailed in note 20.

15 Convertible loan notes

	2022	2021
	£	£
Convertible loan notes	7,751,742	6,329,952

As announced on 27 April 2021 the company entered into an investment agreement to acquire a 22.1% interest (“Investment Agreement””) in VRFB-H for a consideration of US$7,524,000. The investment was financed through the issue of US$8,000,000 convertible loan notes (“CLNs”), with surplus funds being used to pay associated costs and working capital.

Terms of the CLN

The principal terms of the CLNs, as at 31 December 2021, are detailed below:

- The CLNs attract an interest rate of 10% per annum, payable in cash or shares in the company at the election of the company;

- The CLNs are redeemable at par together with outstanding accumulated interest on 28 January 2022 unless converted into shares in the company at the option of the company;

- The CLNs are convertible into shares in the company, calculated by dividing the nominal value (and accrued interest, if applicable) of the CLNs (using the average USD/GBP closing exchange rate as shown on Bloomberg over the five trading days prior to conversion) by 20 pence ("MUST Conversion Shares"), by no later than 31 December 2021 (such date of conversion being the "Conversion Date") and the publication of a prospectus by the company and readmission of the company to listing and trading ("Readmission”) on the London stock exchange;

- The CLN holders will, on conversion of the CLN to MUST Shares, receive warrants to subscribe for new shares in the company (one warrant being issued for every two MUST Conversion Shares held), exercisable at a price per share of 30 pence ("the conversion warrants"). The warrants have an expiry period of three years from the Conversion Date;

15 Convertible loan notes **(Continued)**

- In circumstances where the company is in default, the company is obliged to exercise a backstop mechanism, whereby Bushveld Minerals Limited has agreed to issue new ordinary shares in its capital ("BMN Shares") to CLN holders in respect of the principal amount and accrued interest under the CLNs (the "Backstop") in return for the company: (i) transferring to BEL all of the company's shares in VRFB-H; and (ii) paying a fee to BMN of an amount equal to 5% of the MUST Capital Raise (including both principal and interest), to be satisfied by the issue of new ordinary shares in the company at a price of 20 pence per share (the "Backstop Fee"). In consideration of BMN providing the Backstop, the Backstop Fee is payable in the event of Readmission not occurring by the aforesaid date or immediately prior to completion of Readmission.

- In the event of change of control of the company, the CLNs and accumulated interest become redeemable either in cash or in shares in the company at the option of the CLN holders via the conversion process specified above.

During the year ended 31 December 2022, the terms of the CLNs were amended a number of times with the key changes detailed below:

- On 19 January 2022, the redemption date was extended to 25 March 2022. This represented a modification of the host liability with a gain of £13,384 recognised in the profit or loss within finance cost (note 5). The Backstop Fee was also reduced from 5% to 2%.

- On 25 March 2022, the conversion price was reduced from 20 pence to 18 pence per company share and the Readmission longstop date was set to 31 July 2022, with the redemption date being 28 days later. In addition, the exchange rate used to convert the conversion price from GBP to USD was fixed at $1.30 per £1.

The CLNs were thus effectively reissued on the revised terms. The company's conversion option remained a non-closely related embedded derivative asset.

In order to allow the company to negotiate Stage 2 and Stage 3 acquisitions which were delaying the Readmission process, the term of the CLNs were extended a further two times on their redemption dates, being 2 September 2022 and 25 November 2022 respectively, together with amendments to the conversion price and exchange rates.

As at the date of this report, the principal terms of the CLNs can be summarised as follows: on Readmission, the company has the option to settle the principal and accumulated interest amount of the CLN by issuing company shares at the lower of: (a) the price per Share placed with or otherwise subscribed by new investors in connection with the Readmission discounted by 20 per cent.; or (b) £0.17, converted at the fixed exchange rate of $1.05 per £1. The redemption date was extended to 31 July 2023.

The impact of the CLN on the company's financial statements is detailed below:

Valuation of the conversion option derivative

The company's conversion option to redeem the CLNs and accumulated interest in company shares, subject to Readmission, is a non-closely related embedded derivate asset and accounted for separately at fair value through profit or loss. The valuation of the embedded derivates was performed at the initial recognition of the CLNs on 27 April 2021 and subsequently each time the terms of the CLNs were revised during 2022, as well as at the year-end dates.

Each valuation was driven by the following key unobservable inputs: the probability and timing of a successful Readmission, the probability of a change of control event, the company's share price and USD/GBP spot exchange rate at Readmission and the fair value of the Conversion Warrants.

15 Convertible loan notes **(Continued)**

The directors performed the valuations of the derivative under various scenarios and prudent assumptions and are satisfied that the fair value of the embedded derivative is nil, except as at initial recognition on 27 April 2021. The fair value of the embedded derivate was nil as at 31 December 2021 as the longstop date to exercise the option had passed. The fair value as at 31 December 2022 is nil due to the estimated company share price on the estimated date of Readmission of 31 March 2023 being close to the conversion price of 17 pence and the valuation of the foreign exchange component being nil. Subsequent to the year-end, the Readmission did not take place by 31 March 2023 and the terms of the CLN were amended as disclosed in note 20.

The movement in the fair value of the embedded derivative asset is detailed below:

	£
Balance at 1 January 2021	-
Fair value of the option at inception	110,260
Loss on the fair value of the option	(110,260)
Balance at 31 December 2021	-
Changes in the fair value of the option on CLN modification dates	-
Balance at 31 December 2022	-

The loss incurred in the prior year on the fair value of the embedded derivate asset is included within finance costs (note 5).

Convertible loan note – host liability

The host contract is a financial liability, as the company has not got an unconditional right to avoid redeeming the CLNs in cash. The host liability is initially recognised at the net proceeds received plus the fair value of the embedded derivate asset and is subsequently carried at amortised cost.

At inception on 27 April 2021 the carrying value of the host liability was £5,667,316 being the net proceeds received plus the fair value of the embedded derivative of £110,260. It was subsequently carried at amortised cost using the effective interest rate of 15.3%.

As discussed above, when the CLNs were subsequently modified on 25 March 2022, 2 September 2022 and 25 November 2022, the fair value of the revised embedded derivative was nil and therefore the carrying value of the revised host liability at each modification date was equal to the face value of the CLNs which were due for redemption on these dates. The effective interest rate of the revised host liability is equal to the coupon rate of 10% per annum. No gain or loss is recognised in profit or loss as a result of these modifications.

15 Convertible loan notes **(Continued)**

The movement in the carrying value of the CLN host liability is detailed below:

	£
Balance at 1 January 2021	-
Inception	5,667,316
Interest charge	491,630
Exchange loss	171,006
Balance at 31 December 2021	6,329,952
Interest charge	670,240
Gain on Modification of the CLN	(13,384)
Exchange loss	764,934
Balance at 31 December 2022	7,751,742

16 Share-based payments

	Number of share options		Number of warrants	
	2022 Number	2021 Number	2022 Number	2021 Number
Outstanding at 1 January 2022	1,250,000	1,250,000	-	-
Exercisable at 31 December 2022	1,250,000	1,250,000	-	-

In July 2019 210,000 Warrants and 900,000 options were granted with an exercise price of 10p each.

Each Warrant entitles the Warrant Holder to subscribe for one Ordinary Share at the Placing Price per each Ordinary Share. The Warrants have not been admitted to trading on the Official List but are freely transferable. The Warrant Holder must exercise the Warrants within a three year period from 29 July 2019. The Warrants can be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board.

The Warrants were granted to Optiva Securities Limited in consideration for the provision of brokering services to the company (and other services ancillary to the Admission of shares onto the London Stock Exchange). On 16 February 2021, the Warrants have been exercised for £21,000 total consideration.

The fair value of the warrants at their grant date was calculated using the Black Scholes Model and a valuation of £10,500 was adjusted through the Share based payment reserve in equity during previous years.

16 Share-based payments **(Continued)**

On 29 July 2019, the company granted 900,000 Options to company directors. 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-period period from 29 July 2019, subject to the Options having vested.

On 18 May 2020, the company granted a further 350,000 Options to a company director which have the same entitlements and vesting conditions as those granted on 29 July 2019.

On 15 December 2020 the company achieved a share price of 15p and therefore all Options have vested and exercisable.

The fair value of the options at their grant date was calculated using the Black Scholes Model and a valuation of £63,629 was adjusted through the Share based payment reverse in equity during previous years.

17 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Authorised				
of 1p each	17,136,000	17,136,000	171,360	171,360
Issued and fully paid				
of 1p each	10,281,600	10,281,600	102,816	102,816

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.

18 Share premium account

	2022	2021
	£	£
At the beginning of the year	810,219	654,000
Issue of new shares	-	150,444
Share issue expenses	-	(13,125)
Other movements	-	18,900
At the end of the year	810,219	810,219

19 Retained losses

The retained losses reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

20 Events after the reporting date

Working Capital Facility
On 10 January 2023, the company entered a loan agreement with BMN (replacing in its entirety the agreement entered by the parties on 25 January 2022) pursuant to which BMN provided the company with an unsecured non-interest bearing loan of US$320,000 (the “Loan”). The first tranche of the Loan of $220,000 was advanced in January 2022 and the second tranche of the Loan of $100,000 was advanced in January 2023.

The Loan is repayable in full at any time on or prior to 31 December 2023 (the “Repayment Date”) and is repayable in any event if the company raises any debt or equity capital of no less than £1 million (excluding any conversion of the CLNs into new MUST Shares) prior to the Repayment Date. At the option of the company, the Loan is repayable either by way of a single repayment in cash or by the issue of such number of new MUST Shares as is equal to the Loan (the “Loan Shares”).

The issue price of the Loan Shares is the greater of £0.20 per MUST Share and the average volume-weighted average price of a MUST Share for the consecutive 10 dealing days ending on the dealing day immediately preceding the repayment date. The Loan shall be waived in full if the Backstop is implemented prior to the Repayment Date.

Backstop Fee
A reduction of the backstop fee from 5.0% to 2.0% of any CLN amount converted to BMN shares as per the provisions of the Investment Agreement. The backstop fee can, at the election of the company, be satisfied by the issue of Mustang shares at an issue price of 20 pence each. The backstop fee will be reinstated to 5.0% if the company's shares are relisted and has an interest in VRFB-H.

Acquisition of 100% or Enerox
On 12 April 2023 the company announced that it had entered into a conditional agreement with Garnet and VRFB-H pursuant to which VRFB-H has agreed to acquire Garnet's 50% interest in EHL, (the "Garnet Acquisition"). Following completion of the conditional agreements to acquire Acacia’s and BEL remaining 27.4% and 50.5% respective stakes in VRFB-H and the Garnet Acquisition the company shall own the entire issued share capital of VRFB-H, and VRFB-H would own the entire issued share capital of EHL. EHL owns the entire issued share capital of Enerox, the owner of the CellCube brand.

The total consideration payable to Garnet for its shareholding in EHL is US$33,166,667 ("Purchase Price"). The Purchase Price shall be payable by the company on behalf of VRFB-H and shall be comprised of:

- a cash payment of a minimum amount of US$5,000,000 and a maximum amount US$7,500,000, the final amount to be determined by the quantum of the equity fundraise undertaken by the company at the time of Readmission;

- the issue of up to US$2,500,000 of convertible loan notes by the company, the final amount being dependent on the quantum of the of the equity fundraise undertaken by the company at the time of Readmission, so that the aggregate amount paid in cash and the issue of the convertible loan notes by the company to Garnet is not more than US$7,500,000; and

- the sum of US$25,666,667, to be converted to Pounds Sterling using an exchange rate of GBP£1.00/US$1.225 and to be satisfied by the proposed issue of 104,761,905 new ordinary shares in the capital of the company issued at a price per share of 20 pence.

A condition of the Garnet Acquisition is that the company raises a minimum of US$15.0 million at the time of Readmission.

Enerox Interim Funding
The company also entered into a loan agreement with Enerox (the "Enerox Loan") pursuant to which the company would provide up to US$2,000,000 of additional funding until Readmission.

20 Events after the reporting date (Continued)

On 2 May 2023 the company announced that it had entered into subscription agreements to raise US$2,000,000 through the issue of new convertible loan notes to new and existing investors (the "2023 CLNs") to fund the Enerox Loan.

The terms of the 2023 CLNs are as follows:

Maturity	31 July 2023
Interest	10.0% per annum
Conversion	Automatically into new ordinary shares in the capital of the company on Readmission at the lower of £0.17 per share or a 20% discount to the price per share which is placed with or otherwise subscribed by new and existing investors in connection with the equity fundraise undertaken by the company at Readmission.

Extension of CLN Maturity Date

On 2 May 2023 the company announced it had extended the redemption date of the existing US$8,000,000 convertible loan notes to 31 July 2023 on the same terms as the 2023 CLNs.

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022 £	2021 £
Short-term employee benefits	224,121	152,988

The accrued remuneration payable to the directors at the reporting date was as detailed below:

- J S L Yee - £4,000 (2021 - £nil)
- S W Holden - £24,000 (2021 - £nil)
- D L Gallegos - £10,000 (2021 - £nil)
- P V Wale - £4,000 (2021 - £nil)
- A J Broome - £5,000 (2021 - £nil)

Directors' loans

At the reporting date £8,100 (2021 - £8,100) was due from the directors to the company in respect of unsettled share capital. £6,300 was due from D L Gallegos, and £900 was each due from A J Broome and P V Wale. These amounts are repayable on demand, interest free and are considered fully recoverable.

In addition, £909 (2021 – £843 due to) was due from D L Gallegos. This amount is interest-free and repayable on demand.

Services

During the year, legal services were provided by Simon Holden to the amount of £15,895 (2021 - £12,000).

22 Controlling party

The company has no immediate or ultimate controlling party.

23 Financial instruments and associated risks

The company has the following categories of financial instruments at the period end:

	2022	2021
Financial assets at amortised cost:	£	£
Cash and cash equivalents	22,994	394,700
Other receivables	8,109	7,665
	31,103	402,365
Financial assets at fair value through profit or loss:		
Conversion option embedded in convertible loan notes	-	-
Conversion option embedded in working capital loan	-	-
Financial liabilities at amortised cost:		
Trade payables	2,077	693
Accruals	62,750	49,400
Working capital loan	182,484	-
Convertible loan notes - host liability	7,751,742	6,293,975
	7,999,053	6,344,068

There are no material differences between the fair value and the book value of the financial assets and liabilities. All financial liabilities are carried as current liabilities therefore there is no difference between present value (carrying value) and undiscounted value (and there is no maturity of financial liabilities in more than one year).

IFRS 13 requires the provision of information about how the company establishes the fair values of financial instruments. Valuation techniques are divided into three levels based on the quality of inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable, directly or indirectly; and
- Level 3 inputs are unobservable.

As at 31 December 2022, the company's only financial instruments measured at fair value are its investment in VRFB-H and the conversion option derivative embedded in the CLN and the working capital loan. These rely primarily on unobservable inputs for their valuation which are classified as Level 3. Movements in the fair values of these financial instruments together with inputs into their valuations are detailed in notes 11, 15 and 14 respectively. There were no transfers of financial instruments into or out of Level 3 during the year (2021 - none).

The company has exposure to the following risks from the use of financial investments:

23 Financial instruments and associated risks (Continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Although the cash balance at the year end cannot cover the total financial obligations at the year-end, the company has sufficient liquid assets in the short term to meet the operating needs of the business given the additional working capital facility secured in January 2023. Additional funds will need to be raised and the company is currently in discussions to raise these funds. The directors are confident that sufficient funds will be raised. The financial obligations are very minimal therefore the company is unlikely to be exposed to significant liquidity risk.

Foreign currency risk

Virtually all transactions, with the exception of the issue of convertible loan notes to fund the acquisition in VRFB-H, are conducted in the company's functional currency of UK pound. Occasional small value invoices were paid in US dollars and AUS dollars. The convertible loan notes and acquisition were issued in US Dollars.

Given this, the company's main exposure to foreign currency risk arises from the exchange rate movements between the US dollar and the UK pound. Little risk has been identified in respect of the movement between AUS dollars and UK pound.

A 10 per cent strengthening of UK pound against the US dollar at 31 December 2022 would have increased equity and reduced loss for the year by £80,000.

A 10 per cent weakening of UK pound against the US dollar would have an equal but opposite effect.

Credit risk

The company does not generate any revenue therefore there is no exposure to credit risk from revenue. The company's financial assets as at the date of financial position were minimal and deemed recoverable.

Equity price risk

The company is exposed to equity price risk through its investment in VRFB-H, an unlisted business. The fair value of the company's investment can fluctuate based on uncontrollable macroeconomic and geopolitical developments as well as operational performance of the company. The Directors monitor the performance of VRFB-H based on the information available to them and under the terms of the shareholder agreement will have a representation on its board of directors.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. The company is not exposed to the interest rate risk as the interest rate on the convertible loan note is fixed and the company has no other interest bearing assets or liabilities.

Capital 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. The capital structure of the company consists of equity attributable to the equity holders of the company, comprising issued capital and retained earnings. The capital structure of the company is managed and monitored by the Directors.

24 Cash absorbed by operations

	2022	2021
	£	£
Loss for the year before income tax	(558,898)	(902,624)
Adjustments for:		
Finance costs	670,255	491,631
Fair value gain on investment	(816,269)	-
Fair value gain on convertible loan notes	(13,384)	-
Depreciation and impairment of property, plant and equipment	503	169
Exchange losses	109,363	18,013
Movements in working capital:		
Decrease in trade and other receivables	4,512	11,968
Increase in trade and other payables	61,546	9,859
Cash absorbed by operations	(542,372)	(370,984)

There were no significant non-cash transactions other than those in relation to the convertible loan notes and the valuation of company's investments disclosed in notes 15 and 11 respectively.

25 Analysis of changes in net debt

	1 January 2022	Cash flows	Other non-cash changes	Exchange rate movements	31 December 2022
	£	£	£	£	£
Cash at bank and in hand	394,700	(378,959)	-	7,253	22,994
Other loans	-	(163,428)	-	(19,056)	(182,484)
Convertible loan notes	(6,329,952)	-	(656,856)	(764,934)	(7,751,742)
	(5,935,252)	(542,387)	(656,856)	(776,737)	(7,911,232)

	1 January 2021	Cash flows	Other non-cash changes	Exchange rate movements	31 December 2021
Prior year:	£	£	£	£	£
Cash at bank and in hand	345,200	52,994	-	(3,494)	394,700
Convertible loan notes	-	(5,667,316)	(491,630)	(171,006)	(6,329,952)
	345,200	(5,614,322)	(491,630)	(174,500)	(5,935,252)

26 Schedule of administrative expenses

	2022	2021
	£	£
Administrative expenses		
Directors' remuneration	222,000	152,000
Directors' social security costs	2,121	988
Computer running costs	1,856	2,185
Motor running expenses	-	245
Travelling expenses	11,155	3,747
Professional subscriptions	12,420	11,940
Legal and professional fees	275,819	39,528
Accountancy	30,770	18,620
Audit fees	48,008	42,181
Bank charges	1,909	1,277
Insurance	855	-
Telecommunications	192	-
Entertaining	921	986
Sundry expenses	164	1,061
Depreciation	503	169
	608,693	274,927