Company registration number 11155663 (England and Wales)

MUSTANG ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

MUSTANG ENERGY PLC

COMPANY INFORMATION

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

CONTENTS

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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. At that time VRFB-H owned 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.

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 were to 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 was 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.

Despite the best efforts of the company the conditional share purchase agreements outlined above could not be completed and Readmission on the basis of the successful completion of those agreements could not be achieved by the 31 July 2023. As a result the company could not comply with the terms of the CLNs issued by the company to fund the acquisition of the initial 22.1% interest in VRFB-H.

In August 2023 the company divested its 22.1% interest in VRFB-H and the CLNs (plus accrued interest) were redeemed.

On 7 November 2023 the company entered into a non-binding heads of terms to acquire the entire issued share capital of Cykel AI plc (“Cykel”), a company listed on the Aquis Stock Exchange Growth Market. Cykel is an early-stage company that intends to grow quickly through the operation of a software business engaged in the development of advanced artificial intelligence (AI) products, aiming to offer these to consumers through a “software as a service” (SaaS) model.

The rise of potent Natural Language Processing (NLP) text generators, exemplified by OpenAI’s “GPT-4”, will serve as a catalyst for the widespread adoption of AI-driven business applications. As NLP-based text generators gain mainstream prominence, Cykel anticipates organisations embracing specialised “value add” applications that augment their business operations. This strategic orientation underscores Cykel’s expectation of a burgeoning market for business applications propelled by the maturation of NLP technology.

Cykel has developed an AI-Powered Task Operating System as a Google Chrome extension. Cykel’s AI-Powered Task Operating System (Task OS) is designed to bring AI capabilities to the world of task management, providing users with a platform for streamlined workflows, intelligent task prioritisation and cross-platform integration.

Whilst I am disappointed that our efforts over a long period of time to complete the acquisition of an interest in Enerox did not bear fruit I am excited by the what Cykel has developed within a relatively short period of time.

The Directors collectively have an interest of 20.1% 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: 30 April 2024

BOARD OF DIRECTORS AND SENIOR MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Alan John Broome, AM (Non-Executive Chairman), aged 74

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 56

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.

Peter Verdun Wale (Non-Executive Director), aged 54

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 48

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).

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

The corporate governance statement set out on pages 16 to 20 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
Notwithstanding the execution of a non-binding term sheet to acquire all of the issued capital of Cykel AI plc (Cykel), the company has identified the following criteria that it believes are important in evaluating a prospective target company or business or asset(s). It will generally use these criteria in evaluating acquisition opportunities. However, it may also decide to enter into an Acquisition with a target company or business or asset(s) that does not meet the below criteria.

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

- **Geographic focus:** The company intends, but is not required to, seek to acquire an exploration or production company or business or asset(s) with operations in energy or natural resources in any part of the world with: (i) strong underlying fundamentals and clear broad-based growth drivers; (ii) a meaningful population and an identifiable market; (iii) established financial regulatory systems; (iv) stable political structures; and (v) strong or improving governance and anti-corruption ratings.

- **Sector focus:** The company intends to search initially for acquisition opportunities in the energy and natural resources sectors, but the company shall not be limited to such sectors. The Directors believe that opportunities exist to create value for Shareholders through a properly executed, acquisition-led strategy in the energy or natural resources industry, however the Directors will consider other industries and sectors where they believe value may be created for Shareholders.

- **Identifiable routes to value creation:** The company intends, but is not required to, seek to acquire a company or business or asset(s) in respect of which the company can: (i) play an active role in the optimisation of strategy and execution; (ii) enhance existing management capabilities through the Directors’ proven management skills and depth of experience; (iii) effect operational changes to enhance efficiency and profitability; and (iv) provide capital to support significant, credible, growth initiatives.

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

Results and dividends
The results for the year are set out on page 29.

The Directors do not propose a dividend in respect of the year ended 31 December 2023. No dividend was paid in the year to 31 December 2022.

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	(Resigned 3 January 2024)

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

Substantial shareholders

As at 31 December 2023, the total number of issued Ordinary Shares with voting rights in the company was 12,161,966. 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 12,161,966. 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	20.32%
Bushveld Minerals Limited	1,880,366	15,46%
Dean L Gallegos	1,630,000	13.40%
Richard Corsie MBE	1,050,000	8.63%
The Australian Special Opportunity Fund, LP	380,000	3.12%

Financial instruments

Details of the use of the company's exposure to financial risk are contained in note 24 of the financial statements.

Post reporting date events

Proposed Acquisition of 100% of Cykel AI plc

On 7 November 2023 the company and Cykel entered into a non-binding heads of terms for the company to acquire the entire issued share capital of Cykel, a company incorporated in England and Wales which is listed on the Aquis Stock Exchange Growth Market (AQSE: CYK), on the basis of 1.844 new Mustang share for each Cykel share. This ratio has been calculated on the basis of a valuation of £1,000,000 of MUST, and a valuation of Cykel at c £19.22 million based on a ten-day volume weighted average price up to 7 November 2023, being the date of the non-binding head of terms (Proposed Acquisition). On the 19 January 2024 the Company advised under Rule 2.4 of the Takeover Code in respect to the Proposed Acquisition.

A draft prospectus was filed with the Financial Conduct Authority (FCA) and it is in the FCA review process. It is currently expected that should the Proposed Acquisition proceed to completion, subject to FCA approval the prospectus will be published during Q2 2024.

Subject to completion of the Proposed Acquisition, the company is seeking to rely upon the transitional provisions made by the changes to the Listing Rules by the FCA (effective as of 3 December 2021), and is not required to have a minimum market capitalisation of £30 million.

The Proposed Acquisition, if completed, will constitute a reverse takeover under the Listing Rules since it will, inter alia, result in a fundamental change in the business of Mustang. The Proposed Acquisition will be governed by the Code and it will be effected by means of a court-approved scheme of arrangement under Part 26 of the Companies Act.

The Proposed Acquisition if made is conditional upon satisfaction or waiver (where relevant) of certain conditions, including the satisfactory completion by each of the parties of financial, legal and commercial due diligence.
It will also be conditional on:

- a scheme of arrangement being approved by the requisite percentage of Cykel's shareholders and being sanctioned by the High Court of Justice in England and Wales;
- each of Mustang and Cykel obtaining the necessary shareholder, third-party and regulatory approvals;
- publication of a prospectus and readmission of the enlarged share capital of Mustang to listing on the standard listing segment of the Official List of the FCA and to trading on London Stock Exchange plc's main market for listed securities (Admission); and
- concurrent with Admission, the de-listing of Cykel's shares from the Access Segment of the Aquis Stock Exchange Growth Market.

On 14 March 2024 the company advised that the originally proposed basis of share exchange, that 1.844 new Mustang shares would be issued for each Cykel share, has been revised, following commercial discussions, to 1.911 new Mustang shares for each Cykel share.

On 4 April 2024 the company executed subscription agreements with 3 investors to issue a total of £200,000 unsecured convertible loan notes (the “2024 CLNs”). The 2024 CLNs bear no interest and subscription by the investors shall be conditional on (i) the approval of the company’s shareholders of the Proposed Transaction; and (ii) the approval of Cykel’s shareholders of the Proposed Transaction. The 2024 CLNs will mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

Future developments

Further details of the company’s future developments are set out in the Strategic Report on pages 9 to 15.

Auditor

The Board appointed PKF Littlejohn LLP 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 2024 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

On 23 November 2023 the company issued £200,000 10 per cent. unsecured convertible loan notes (the “November 2023 CLNs”), the proceeds from the November 2023 CLNs were used to satisfy trade creditors and future working capital. The November 2023 CLNs mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

On 4 April 2024 the Company executed subscription agreements with 3 investors to issue a total of £200,000 unsecured convertible loan notes (the “April 2024 CLNs”). The April 2024 CLNs will bear no interest and subscription by the investors shall be conditional on (i) the approval of the Company’s shareholders of the Proposed Transaction; and (ii) the approval of Cykel’s shareholders of the Proposed Transaction. The April 2024 CLNs will mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

Under the terms of the November 2023 CLNs Instrument, the November 2023 CLNs are automatically convertible into new Mustang Energy Shares if Readmission occurs on or before the Maturity Date. If Readmission occurs on or before 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 would be unconditional.

If Readmission does not occur by the Maturity Date 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. This will be to fund redemption of the November 2023 CLNs, due diligence costs for any new acquisition, publication of a new prospectus and readmission of the entire issued Mustang Energy Shares to trading. The directors are confident that sufficient funds will be raised in this scenario.

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: 30 April 2024

The directors present the strategic report for the year ended 31 December 2023.

Review of business in the period

Business Strategy
The company is currently focused on the Proposed Acquisition. A draft prospectus was filed with the Financial Conduct Authority (FCA) and it is in the FCA review process. It is currently expected that should the Proposed Acquisition proceed to completion, subject to FCA approval the prospectus will be published during Q2 2024.

Subject to completion of the Proposed Acquisition, the company is seeking to rely upon the transitional provisions made by the changes to the Listing Rules by the FCA (effective as of 3 December 2021), and is not required to have a minimum market capitalisation of £30 million.

The Proposed Acquisition, if completed, will constitute a reverse takeover under the Listing Rules since it will, inter alia, result in a fundamental change in the business of Mustang.

Operational Review
The company's principal activity is set out in the Directors' Report on page 3.

In April 2021 the company announced that it had entered into an investment agreement dated 21 April 2021 (the "Investment Agreement") where it agreed to acquire 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 (the "CLNs") to certain investors, including the company's 24.03% shareholder Acacia Resources Limited ("Acacia"). VRFB-H owns a 50% interest in Enerox Holdings Limited ("EHL") with EHL owning a 100% interest in Enerox GmbH ("Enerox"). The company executed conditional agreements to acquire Acacia's and Bushveld Energy Limited ("BEL") remaining 27.4% and 50.5% respective stakes in VRFB-H and which were announced on 3 August 2022 and 28 November 2022.

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$420,000 (the "Loan"). The Loan was 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 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.

On 12 April 2023 the company and VRFB-H executed a conditional agreement to acquire the remaining 50% interest in Enerox Holdings Limited ("EHL") from Garnet Commerce Limited ("Garnet") and was announced on 12 April 2023 (the "Garnet Acquisition"). The Garnet Acquisition would have resulted in EHL becoming a wholly owned subsidiary of VRFB-H which in turn will be a wholly owned subsidiary of the company.

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. The maturity date of the 2023 CLNs were 31 July 2023.

The terms of Garnet Acquisition meant that if the company did not obtain binding commitments of at least US$15m towards its readmission fundraising, nor funded Enerox (in addition to the Enerox Loan) with another US$1m until the end of June 2023, in each case by 31 May 2023; or the company had not obtained approval of its proposed prospectus in relation to the Fundraise by the 30 June 2023, Garnet had the option (the "Garnet Option") to terminate the Garnet Acquisition, and upon investing a minimum of US$3,500,000 into EHL, take a controlling position in EHL.

Operational review (continued)

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 the 22.1% interest in VRFB-H, 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”).

The company was informed on the 28 July 2023 that Garnet had exercised the Garnet Option. As the company did not achieve Readmission by the 31 July 2023 on the 8 August 2023 the holders of the CLNs and 2023 CLNs informed the company that they wished to effect the backstop arrangements previously agreed between BMN and the company. BMN subsequently redeemed the CLNs and 2023 CLNs which totaled US$10,000,000 plus accrued interest, the company transferred its 22.1% interest in VRFB-H and assigned the Enerox Loan to BMN.

On 7 November 2023 the company entered into a non-binding heads of terms to acquire the entire issued share capital of Cykel AI plc (“Cykel”), a company incorporated in England and Wales which is listed on the Aquis Stock Exchange Growth Market (AQSE: CYK), on the basis of 1.844 new Mustang share for each Cykel share. This ratio has been calculated on the basis of a valuation of £1,000,000 of MUST, and a valuation of Cykel at £19.22 million based on a ten-day volume weighted average price (VWAP) up to 7 November 2023, being the date of the non-binding head of terms.

On the 20 November 2023 the company issued 1,273,972 new ordinary shares in the capital of company at an agreed price per share of £0.2674 as full repayment of the US$420,000 Facility. Pursuant to the terms of the Facility, BMN were granted 636,936 warrants in the company (the "Warrants"). Each Warrant will grant BMN the right (but not the obligation) to subscribe for one new ordinary share in the capital of the company (an "Ordinary Share") at an exercise price per share of £0.30. The Warrants expire on the 15 November 2024.

The company also issued 606,394 new ordinary shares in the company at an agreed price per share of £0.20 as full repayment of backstop fees of £121,278.75 as a result of redemption of the company's CLNs and 2023 CLNs.

On 23 November 2023 the company issued the November 2023 CLNs. The proceeds from the November 2023 CLNs were used to satisfy trade creditors and future working capital. The November 2023 CLNs mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

The terms of the November 2023 CLNs 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 2023 period

The company incurred a total comprehensive profit for the year to 31 December 2023 of £169,534 (2022 – loss of £558,898).

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. Given the limited cash position of the company all payments to non-executive directors were waived in March 2023 and all payments to the Managing Director were waived in June 2023. The impact of this decreased Director’s Remuneration costs to £57,253 for the year (2022: £224,121). For details please refer to note 7.

Financial Review (continued)

An additional driver of the profit for the year was the gain on disposal of the CLN and investments during the year, resulting in a net gain of £1,868,029 included in other gains and losses. Finance costs also decreased during the year from £656,871 in 2022 to £449,863 during 2023. This comprises of interest payable on loan notes of £449,553 (2022: £670,240) and a fair value gain on the loan note derivative of £nil (2022: £13,384). 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 £314,738, from an opening net liability position at 1 January 2023 of £958,900. The key drivers of this movement are the decrease in the investments balance to £nil (31 December 2022: £7,056,976) and the corresponding decrease in borrowings to £nil (31 December 2022: £7,934,226) that have resulted from the divesting of the 22.1% interest in VRFB-H as 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 2023 (2022: nil).

Loss per share: 0.05 pence (2022: 0.05 pence).

Cash flow
Cash operating outflows for 2023 were £339,400 (2022: £542,387).

Closing cash
As at 31 December 2023, the company held £9,239 of cash (2022 - £22,994).

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 liabilities totaling £314,738 (2022 – £958,900). The company has relatively few working capital liabilities at the reporting date.

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
During 2023, there was 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.

The company is 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. 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 may have an adverse material effect on the business, operations 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's business strategy and business model are dependent on successfully concluding the Proposed
The company's business strategy and business model depend on successfully concluding the Proposed Acquisition. There can be no guarantee that the Proposed Acquisition will be successfully concluded, which may have a material adverse effect on the company's business, financial condition or results of operations.

Completion of the Proposed Acquisition is subject to the satisfaction of certain conditions. There can be no assurances that those conditions will or can be met or that Readmission will occur. If the conditions are not satisfied or any fact occurs which prevents the conditions from being satisfied then Readmission will not occur.

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.

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.

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 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 and subsequent execution of a non-binding heads of terms for the Proposed Acquisition, 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

On 7 November 2023 the company negotiated and executed a non-binding heads of terms to acquire all the issued capital of Cykel AI plc and which was announced on 19 January 2024. This acquisition, if successfully concluded, would result in Cykel AI plc becoming a wholly owned subsidiary.

(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. 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 2023:

- 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.

On behalf of the board

...

A J Broome
Director

Date: 30 April 2024

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 to the holder of the November 2023 CLNs 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 2023. 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	2 of 3
Simon Holden	Non-Executive Director	2 of 3
Jacqueline Yee	Non-Executive Director	2 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 consists 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 2023:

	Male	**Female**
Directors	4	1

The one female director resigned from the company on 3 January 2024. 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.

On 23 November 2023 the company issued the November 2023 CLNs, the proceeds from the November 2023 CLNs were used to satisfy trade creditors and future working capital. The November 2023 CLNs mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

On 4 April 2024 the Company executed subscription agreements with 3 investors to issue a total of £200,000 unsecured convertible loan notes (the "April 2024 CLNs"). The April 2024 CLNs will bear no interest and subscription by the investors shall be conditional on (i) the approval of the Company's shareholders of the Proposed Transaction; and (ii) the approval of Cykel's shareholders of the Proposed Transaction. The April 2024 CLNs will mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

Under the terms of the November 2023 CLNs Instrument, the November 2023 CLNs are automatically convertible into new Mustang Energy Shares if Readmission occurs on or before the Maturity Date. If Readmission occurs on or before 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 would be unconditional.

If Readmission does not occur by the Maturity Date 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 publication of this prospectus. This will be to fund diligence costs for a new acquisition, publication of a new prospectus and readmission of the entire issued Mustang Energy Shares to trading. The directors are confident that sufficient funds will be raised in this scenario.

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 2023 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: 30 April 2024

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. Given the limited cash position of the company all payments to non-executive directors were waived in March 2023 and all payments to the Managing Director were waived in June 2023. This was the last date of approval of the directors' remuneration policy by the company.

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	6
Dean Gallegos	2018	6
Peter Wale	2018	6
Simon Holden	2018	5
Jacqueline Yee	2020	3

Set out below are the emoluments of the Directors for the year ended 31 December 2023 (GBP):

Director	Salary and fees	Taxable benefits	Annual bonus and long term benefits	Pension related benefits	Share based payments	Total
	£	£	£	£	£	£
Alan Broome, AM	7,500	-	-	-	-	7,500
Dean Gallegos	61,000	-	-	-	-	61,000
Peter Wale	5,880	-	-	-	-	5,880
Simon Holden	-	-	-	-	-	-
Jacqueline Yee	6,000	-	-	-	-	6,000
Total	80,380	-	-	-	-	80,380

REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Total fixed remuneration		Total variable remuneration	
	2023	2022	2023	2022
	£	£	£	£
Total	80,380	222,000	-	-

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 (2022: £nil).

Payments to past directors (audited)

The company has not paid any compensation to past Directors in the year (2022: £nil).

Share Options

The Directors did not exercise any share options in 2023 (2022: nil).

Payments for loss of office (audited)

No payments were made for loss of office during the year (2022: £nil).

UK Remuneration percentage changes

The following table shows the percentage change in the remuneration of executive directors in 2023 and 2022.

Base salary

	2023	2022	Average change
	£	£	%
Managing director	61,000	120,000	(50%)

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 2023 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: 30 April 2024

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit 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's current liabilities exceeded its current assets by £315,257 and that the company is reliant on raising further financial support from potential investees in order to fund their forecasted expenditure. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, 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 the following procedures:

- Reviewing and challenging the key assumptions and inputs of the cashflow forecasts prepared by management covering at least 12 months from the date of approval of the financial statements;
- Reviewing the terms and conditions of the loan agreements and determining whether any the company is in a financial position to meet its legal obligations; reviewing management's strategy to raise additional finance to facilitate repayment and to finance the Company for the foreseeable future;
- Assessing the adequacy of the going concern disclosures made within the financial statements by management.

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 £30,000 (2022: £93,000) based upon 1.5% of adjusted expenses (2022: 1.5% of gross assets). Materiality was based upon expenses as there were significant events which had an impact on the Statement of Comprehensive Income. These included gains the on novation of the convertible loan notes, loans to the investee company and investments during the year. As there were minimal asset and liability balances in the Statement of Financial Position as at year end date, we considered expenditure to be the most relevant financial performance indicator for establishing materiality.

Performance materiality (set at 70% of overall materiality) and the triviality threshold (set at 5% of overall materiality) for the financial statements was set at £21,000 (2022: £65,100) and £1,500 (2022: £4,650) respectively due to the number of significant risks identified and their impact on the accounts. We also agreed to report to the audit committee any other differences below that threshold that we believe warrant reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risks of material misstatement in the financial statements. In particular, we considered the areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the accounting treatment for the disposal of the investment held at fair value through profit or loss. We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias by management that represented a risk of material misstatement due to fraud. The procedures performed to address the most significant risks of material misstatement are outlined below in the Key audit matters section of this report.

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
Accounting the investment held at fair value through profit or loss up to the date of disposal and on de-recognition The Company held an investment in VRFB Holdings Ltd representing 22.1% of the investee's ordinary share capital. Management previously assessed that the company does not have control or significant influence over VRFB Holdings Ltd and have therefore classified it as a financial asset under IFRS 9 Financial instruments and have held it at fair value through profit or loss (FVPL). During the year the investment was disposed of as part of derecognising the convertible loan note liabilities of the company. There is a risk that the investment in VRFB Holdings Ltd (up to the date of disposal and on disposal) has been incorrectly accounted for and recorded in the financial statements. Given the aforementioned, accounting for the disposal of held at FVPL has been deemed to be a key audit matter. See Note 11 to the financial statements.	Our work in this area included: • Obtaining and reviewing the accounting papers provided by the entity's external expert; • Reviewing the information included in the Share Transfer Agreement in relation to the sale of the shares held by the company in VRFB Holdings Ltd (effective on 15 August 2023); • Reviewing the disclosures made in the financial statements to ensure they comply with the requirements of the applicable financial reporting framework; • Reviewing/reperforming management's disposal workings to ensure the accuracy of the calculation and that the investment in VRFB Holdings Ltd was accounted for in accordance with the provisions of IFRS 9; and • Journals testing to ensure the transaction is appropriately recorded in the financial statements. Based on the audit procedures performed, accounting for the movement in value of the investment up to the date of disposal of the investment held at fair value through profit and the treatment on disposal was appropriately stated.

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 through discussions with management and independent research.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
  - FCA Rules;
  - Companies Act 2006;
  - Listing Rules;
  - Bribery Act 2010;
  - Anti-money laundering legislations;
  - Disclosure Guidance and Transparency Rules for listed entities;
  - UK-adopted international accounting standards;
  - Local tax and employment laws.

- 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:
  - Discussing with management regarding compliance with laws and regulations by the Company;
  - Reviewing minutes of board meetings; and
  - Reviewing the regulatory news announcements.

- 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 accounting for the investment held at fair value through profit or loss up to the date of disposal and on de-recognition. 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 for the audit of the financial statements is located on the Financial Reporting Council’s website at: 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 ended 31 December 2022 and subsequent periods. Our total uninterrupted period of engagement is 2 years, covering the periods ended 31 December 2022 and 31 December 2023.

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: 30 April 2024

MUSTANG ENERGY PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Other operating income		78,620	-
Administrative expenses	**26**	(470,378)	(608,693)
Operating loss	**4**	(391,758)	(608,693)
Finance costs	**5**	(449,863)	(656,871)
Other gains/(losses)	**6**	1,011,155	706,666
Profit/(loss) before taxation		169,534	(558,898)
Income tax expense	**8**	-	-
Profit/(loss) and total comprehensive loss for the year		169,534	(558,898)
Profit/(Loss) per share from continuing operations attributable to the equity owners	**9**		
Basic profit/(loss) per share (pence per share)		0.02	(0.05)
Diluted profit/(loss) per share (pence per share)		0.01	(0.05)

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

The notes on pages 33 to 50 form part of these financial statements.

MUSTANG ENERGY PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £	2022 £
Non-current assets			
Property, plant and equipment	**10**	519	1,022
Investments held at FVTPL	**11**	-	7,056,976
		519	7,057,998
Current assets			
Trade and other receivables	**12**	5,458	8,605
Cash and cash equivalents		9,239	22,994
		14,697	31,599
Total assets		15,216	7,089,597
Current liabilities			
Trade and other payables	**13**	169,067	114,271
Other borrowings	**14**	-	182,484
Convertible loan notes	**15**	160,887	7,751,742
		329,954	8,048,497
Net current liabilities		(315,257)	(8,016,898)
Total liabilities		329,954	8,048,497
Net liabilities		(314,738)	(958,900)
Equity			
Called up share capital	**18**	121,620	102,816
Share premium account	**17**	1,253,355	810,219
Share based payment Reserve		91,100	91,100
Convertible loan note reserve	**19**	12,688	-
Retained losses	**20**	(1,793,501)	(1,963,035)
Total equity		(314,738)	(958,900)

The financial statements were approved by the board of directors and authorised for issue on 30 April 2024 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 2023

	Notes	Share capital	Share premium account	Share based payment reserve	Convertible loan note reserve	Retained losses	Total
		£	£	£	£	£	£
Balance at 1 January 2022		102,816	810,219	91,100	-	(1,404,137)	(400,002)
Loss and total comprehensive loss for the year		-	-	-	-	(558,898)	(558,898)
Balance at 31 December 2022		102,816	810,219	91,100	-	(1,963,035)	(958,900)
Profit and total comprehensive income for the year		-	-	-	-	169,534	169,534
Transactions with owners in their capacity as owners:							
Issue of share capital	**18**	18,804	443,136	-	-	-	461,940
Issue of convertible loan notes	**15**	-	-	-	12,688	-	12,688
Balance at 31 December 2023		121,620	1,253,355	91,100	12,688	(1,793,501)	(314,738)

The notes on page 33 to 50 form part of these financial statements.

MUSTANG ENERGY PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash absorbed by operations	**25**		(339,090)		(542,372)
Interest paid			(310)		(15)
Net cash outflow from operating activities			(339,400)		(542,387)
Financing activities					
Issue of convertible loans		162,500		-	
Proceeds from borrowings		163,576		163,428	
Net cash generated from financing activities			326,076		163,428
Net decrease in cash and cash equivalents			(13,324)		(378,959)
Cash and cash equivalents at beginning of year			22,994		394,700
Effect of foreign exchange rates			(431)		7,253
Cash and cash equivalents at end of year			9,239		22,994

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 . The principal accounting policies adopted are set out below.

1.2 Going concern

On 23 November 2023 the company issued the November 2023 CLNs, the proceeds from the November 2023 CLNs were used to satisfy trade creditors and future working capital. The November 2023 CLNs mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

On 4 April 2024 the Company executed subscription agreements with 3 investors to issue a total of £200,000 unsecured convertible loan notes (the “April 2024 CLNs”). The April 2024 CLNs will bear no interest and subscription by the investors shall be conditional on (i) the approval of the Company’s shareholders of the Proposed Transaction; and (ii) the approval of Cykel’s shareholders of the Proposed Transaction. The April 2024 CLNs will mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

Under the terms of the November 2023 CLNs Instrument, the November 2023 CLNs are automatically convertible into new Mustang Energy Shares if Readmission occurs on or before the Maturity Date. If Readmission occurs on or before 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 would be unconditional.

If Readmission does not occur by the Maturity Date 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 publication of this prospectus. This will be to fund diligence costs for a new acquisition, publication of a new prospectus and readmission of the entire issued Mustang Energy Shares to trading. The directors are confident that sufficient funds will be raised in this scenario.

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 Accounting policies **(Continued)**

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.

1.5 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.

1 Accounting policies **(Continued)**

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.

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.

1 Accounting policies (Continued)

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%.

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 2023 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 16- Lease liability in a Sale and Leaseback.
- Amendments to IAS 7 & IFRS 7: Supplier Finance Arrangements.
- Amendments to IAS 1: Classification of liabilities as Current or Non-current.
- Amendments to IAS 1 Non current Liabilities with Covenants.

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.

Key sources of estimation uncertainty

Investments

During the year ended 31 December 2023 the company divested its interest in VRFB-H, as detailed within the Chairmans report on page 1. As at 31 December 2023 the company did not hold an interest in any investments or companies. Before disposal, the shares held by the company were unquoted and therefore the directors had estimated their fair value at the date of disposal is based on arms-length transactions that took place during the year.

Convertible Loan Notes

Fair value of CLNs in the financial statements comprises the valuation of fair value of equity element regarding to conversion option to issue shares and fair value of the liabilities elements of the compound financial instrument. The fair value of the liability element is based on contractual cash flow discounted at 25% of the market interest rate on Company's debt estimated by the directors. The equity component is subsequently measured at the residual amount, be deducting the fair value of the liability component from the proceeds received. Further details can be found in note 15.

4 Operating loss

	2023	2022
Operating loss for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	47,000	47,000
Fees payable to the company's auditor for other non-audit services	25,000	45,050
Depreciation of property, plant and equipment	503	503

5 Finance costs

	2023	2022
	£	£
Interest on convertible loan notes (note 15)	449,553	670,240
Other interest payable	310	15
Total interest expense	449,863	670,255
Gain on modification of controvertible loan note liability (note 15)	-	(13,384)
	449,863	656,871

6 Other gains and losses

	2023 £	2022 £
Net gain on disposal of investments and novation of CLNs	1,868,029	-
Fair value (loss)/gain on investments (note 11)	(927,172)	816,269
Net exchange gain/(loss) (note 11, 15)	70,298	(109,603)
	1,011,155	706,666

7 Employees

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

	2023 Number	2022 Number
Directors	5	5

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	56,381	222,000
Social security costs	872	2,121
	57,253	224,121

8 Income tax expense

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

	2023 £	2022 £
Profit/(loss) before taxation	169,534	(558,898)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2022: 19.00%)	32,211	(106,191)
Effect of expenses not deductible in determining taxable profit	14,595	27,623
Utilisation of tax losses not previously recognised	(46,902)	-
Unutilised tax losses carried forward	-	78,472
Depreciation on assets not qualifying for tax allowances	96	96
Taxation charge for the year	-	-

8 Income tax expense **(Continued)**

At the reporting date the company had accumulated tax losses of approximately £1,230,000 (2022 - £1,480,000) available for carry forward against future trading profits.

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

9 Earnings per share

	2023 Number	2022 Number
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	10,518,578	10,281,600
Effect of dilutive potential ordinary shares (does not apply for losses):		
- Weighted average number outstanding share options	1,250,000	-
Weighted average number of ordinary shares for diluted earnings per share	11,768,578	10,281,600

	2023 £	2022 £
Earnings		
Continuing operations		
Profit/loss for the period from continued operations	169,534	(558,898)

	2023 £ per share	2022 £ per share
Earnings per share for continuing operations		
Basic earnings per share	0.02	(0.05)
Diluted earnings per share	0.01	(0.05)

In the prior year, 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 2022 and 1 January 2023	2,686
At 31 December 2023	2,686
Accumulated depreciation and impairment	
At 1 January 2022	1,161
Charge for the year	503
At 31 December 2022	1,664
Charge for the year	503
At 31 December 2023	2,167
Carrying amount	
At 31 December 2023	519
At 31 December 2022	1,022

11 Investments held at FVTPL

	2023 £	2022 £
Shares in unlisted entity	-	7,056,976

Movements in non-current investments

	2023 £	2022 £
Cost or valuation		
Brought forward	7,056,976	5,573,333
(Loss)/Gain on fair value of investment	(927,172)	816,269
Fair value adjustment due to changes in exchange rate	(362,103)	667,374
Disposals	(5,767,701)	-
Carried forward	-	7,056,976
Carrying amount		
Carried forward	-	7,056,976

12 Trade and other receivables

	2023 £	2022 £
VAT recoverable	5,458	496
Other receivables	-	8,109
	5,458	8,605

13 Trade and other payables

	2023 £	2022 £
Trade payables	100,476	2,077
Accruals	63,240	62,750
Social security and other taxation	5,351	5,140
Other payables	-	44,304
	169,067	114,271

14 Other borrowings

	2023 £	2022 £
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. A further loan was received on 13 January 2023 for an additional $200,000. On the 23 November 2023 the company issued 1,273,972 new ordinary shares in the capital of the company at an agreed price of £0.267 as full repayment of the total $420,000 loan facility.

15 Convertible loan notes

	2023 £	2021 £
Convertible loan notes	160,887	7,751,742

15 Convertible loan notes (Continued)

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.

The company 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. The maturity date of the 2023 CLNs were 31 July 2023.

The company was informed on the 28 July 2023 that Garnet had exercised the Garnet Option. As the company did not achieve Readmission by the 31 July 2023 on the 8 August 2023 the holders of the CLNs and 2023 CLNs informed the company that they wished to effect the backstop arrangements previously agreed between Bushveld Minerals Limited and the company. Bushveld Minerals Limited subsequently redeemed the CLNs and 2023 CLNs which totaled US$10,000,000 plus accrued interest, the company transferred its 22.1% interest in VRFB-H and assigned the Enerox Loan to Bushveld Minerals Limited.

On 23 November 2023 the company issued November 2023 CLNs. The proceeds from the November 2023 CLNs were used to satisfy trade creditors and future working capital. The November 2023 CLNs mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

Terms of the new CLN

The principal terms of the November 2023 CLNs, as at 31 December 2023, are detailed below:

- The November 2023 CLNs attract an interest rate of 10% per annum, payable in cash or shares in the company at the election of the company;

- The November 2023 CLNs are redeemable at par together with outstanding accumulated interest on 31 May 2024 unless converted into shares in the company at the option of the company;

- The November 2023 CLNs are convertible into shares in the company, calculated by dividing the nominal value (and accrued interest, if applicable) of the November 2023 CLNs by 6 pence ("MUST Conversion Shares"), by no later than 31 May 2024 (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;

- As the conversion feature associated with the November 2023 CLNs resulted in the conversion of a fixed amount of stated principal into a fixed number of shares, it satisfied the 'fixed for fixed' criterion and, therefore, it is classified as an equity instrument. The value of the liability component and the equity conversion component were determined at the date the instrument was issued. The fair value of the liability component at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 25%. The transaction costs, which were deducted from the principal amount at drawdown, have been apportioned between the equity and liability component with the portion attributable to equity recognised as a deduction in equity, and the liability component decreasing the amortised cost liability. At the initial recognition, the carrying value of the debt and equity components, after transaction costs, were £149,812 and £12,688 respectively.

15 Convertible loan notes **(Continued)**

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

	£
Balance at 1 January 2022	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
Issue of loan notes	1,766,598
Interest charge	449,553
Equity component	(12,688)
Exchange loss	(436,384)
Derecognition of CLN	(9,357,934)
Balance at 31 December 2023	160,887

16 Share-based payments

	Number of share options		Number of warrants	
	2023 Number	2022 Number	2023 Number	2022 Number
Outstanding at 1 January 2023	1,250,000	1,250,000	-	-
Exercisable at 31 December 2023	1,250,000	1,250,000	636,986	-

In July 2019 210,000 warrants (“IPO Warrants”) and 900,000 options were granted with an exercise price of 10p each.

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

The IPO 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 IPO Warrants were exercised for £21,000 total consideration.

The fair value of the IPO 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.

On the 15 November 2023 the company issued 1,273,972 new ordinary shares in the capital of company at an agreed price per share of £0.2674 as full repayment of the US$420,000 Facility. Pursuant to the terms of the Facility, BMN were granted 636,986 warrants in the company (the "Warrants"). Each Warrant will grant BMN the right (but not the obligation) to subscribe for one new ordinary share in the capital of the company (an "Ordinary Share") at an exercise price per share of £0.30. The Warrants expire on the 15 November 2024.

The fair value of the Warrants at their grant date was calculated using the Black Scholes Model and a valuation of £108 was adjusted through the Share based payment reverse in equity during previous years.

The company also issued 606,394 new ordinary shares in the company at an agreed price per share of £0.20 as full repayment of backstop fees of £121,278.75 as a result of redemption of the company's CLNs and 2023 CLNs.

17 Share premium account

	2023 £	2022 £
At the beginning of the year	810,219	810,219
Issue of new shares	443,136	-
At the end of the year	1,253,355	810,219

18 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 £	2022 £
Authorised				
of 1p each	17,136,000	17,136,000	171,360	171,360
Issued and fully paid				
of 1p each	12,161,966	10,281,600	121,620	102,816

18 Share capital **(Continued)**

On the 20 November 2023 the company issued 1,273,972 new ordinary shares in the capital of company at an agreed price per share of £0.2674 as full repayment of the US$420,000 Facility. Pursuant to the terms of the Facility, BMN were granted 636,986 warrants in the company (the "Warrants"). Each Warrant will grant BMN the right (but not the obligation) to subscribe for one new ordinary share in the capital of the company (an "Ordinary Share") at an exercise price per share of £0.30. The Warrants expire on the 15 November 2024.

The company also issued 606,394 new ordinary shares in the company at an agreed price per share of £0.20 as full repayment of backstop fees of £121,278.75 as a result of redemption of the company's CLNs and 2023 CLNs.

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.

19 Convertible loan note reserve

	2023	2022
	£	£
At the beginning of the year	-	-
Other movements	12,688	-
At the end of the year	12,688	-

This represents the amount of proceeds on issue of convertible debt relating to the equity component (that is, the value of the option to convert the debt into share capital).

20 Retained losses

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

21 Events after the reporting date

Proposed Acquisition of 100% of Cykel AI plc

On 7 November 2023 the company and Cykel entered into a non-binding heads of terms for the company to acquire the entire issued share capital of Cykel, a company incorporated in England and Wales which is listed on the Aquis Stock Exchange Growth Market (AQSE: CYK), on the basis of 1.844 new Mustang share for each Cykel share. This ratio has been calculated on the basis of a valuation of £1,000,000 of MUST, and a valuation of Cykel at c £19.22 million based on a ten-day volume weighted average price (VWAP) up to 7 November 2023, being the date of the non-binding head of terms (Proposed Acquisition).

A draft prospectus was filed with the Financial Conduct Authority (FCA) and it is in the FCA review process. It is currently expected that should the Proposed Acquisition proceed to completion, subject to FCA approval the prospectus will be published during Q2 2024.

Subject to completion of the Proposed Acquisition, the company is seeking to rely upon the transitional provisions made by the changes to the Listing Rules by the FCA (effective as of 3 December 2021), and is not required to have a minimum market capitalisation of £30 million.

The Proposed Acquisition, if completed, will constitute a reverse takeover under the Listing Rules since it will, inter alia, result in a fundamental change in the business of Mustang. The Proposed Acquisition will be governed by the Code and it will be effected by means of a court-approved scheme of arrangement under Part 26 of the Companies Act.

The Proposed Acquisition if made is conditional upon satisfaction or waiver (where relevant) of certain conditions, including the satisfactory completion by each of the parties of financial, legal and commercial due diligence.

It will also be conditional on:

- a scheme of arrangement being approved by the requisite percentage of Cykel's shareholders and being sanctioned by the High Court of Justice in England and Wales;
- each of Mustang and Cykel obtaining the necessary shareholder, third-party and regulatory approvals;
- publication of a prospectus and readmission of the enlarged share capital of Mustang to listing on the standard listing segment of the Official List of the FCA and to trading on London Stock Exchange plc's main market for listed securities (Admission); and
- concurrent with Admission, the de-listing of Cykel's shares from the Access Segment of the Aquis Stock Exchange Growth Market.

April 2024 CLNs

On 4 April 2024 the Company executed subscription agreements with 3 investors to issue April 2024 CLNs. The April 2024 CLNs will bear no interest and subscription by the investors shall be conditional on (i) the approval of the Company’s shareholders of the Proposed Transaction; and (ii) the approval of Cykel’s shareholders of the Proposed Transaction. The April 2024 CLNs will mature on the 31 May 2024 and convert automatically on Readmission at a conversion price of 6 pence.

22 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*.

	2023 £	2022 £
Short-term employee benefits	57,252	224,121

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

- J S L Yee - £nil (2022 - £4,000)
- S W Holden - £nil (2022 - £24,000)
- D L Gallegos - £nil (2022 - £10,000)
- P V Wale - £nil (2022 - £4,000)
- A J Broome - £nil (2021 - £5,000)

Directors' loans

At the reporting date £nil (2022 - £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 were written off during the year.

In addition, £nil (2022 – £909) was due from D L Gallegos. The amount due was interest-free and repayable on demand.

Services

During the year, legal services were provided by Simon Holden to the amount of £nil (2022 - £15,895).

Other related party transactions

During the year, expenses totaling £78,620 (2022 - £15,895) were paid by Cykel AI plc. This amount is not repayable and is included within other income.

23 Controlling party

The company has no immediate or ultimate controlling party.

24 Financial instruments and associated risks

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

	2023 £	2022 £
Financial assets at amortised cost:		
Cash and cash equivalents	9,239	22,994
Other receivables	-	8,109
	9,239	31,103

	2023 £	2022 £
Financial liabilities at amortised cost:		
Trade payables	100,476	2,077
Accruals	63,240	62,750
Working capital loan	-	182,484
Convertible loan notes - host liability	160,887	7,751,742
	324,603	7,999,053

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.

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

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 is currently in discussions with existing shareholders of the company to raise these funds, the directors are confident that sufficient funds will be raised. The financial obligations are minimal therefore the company is unlikely to be exposed to significant liquidity risk.

Foreign currency risk
Virtually all transactions are conducted in the company's functional currency of UK pound. Occasional small value invoices were paid in US dollars and AUS dollars.

A 10 per cent strengthening of UK pound against the US dollar at 31 December 2023 would have increased equity and reduced loss for the year by £Nil.

A 10 per cent weakening of UK pound against the US dollar would also be £Nil.

24 Financial instruments and associated risks **(Continued)**

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

At year-end the Company did not have an interest in any assets and therefore there is no exposure to equity price risk.

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 interest rate risk as it has no assets or interest bearing 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.

25 Cash absorbed by operations

	2023	2022
	£	£
Profit/(loss) for the year before income tax	169,534	(558,898)
Adjustments for:		
Finance costs	449,863	670,255
Net gain on disposal of investments and novation of CLNs	(1,868,029)	-
Fair value loss/(gain) on investment	927,172	(816,269)
Fair value gain on convertible loan notes	-	(13,384)
Depreciation and impairment of property, plant and equipment	503	503
Exchange (gains)/losses	(76,076)	109,363
Movements in working capital:		
Decrease in trade and other receivables	3,147	4,512
Increase in trade and other payables	54,796	61,546
Cash absorbed by operations	(339,090)	(542,372)

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.

26 Analysis of changes in net debt

	1 January 2023	Cash flows	Novation	Other non-cash changes	Exchange rate movements	31 December 2023
	£	£	£	£	£	£
Cash at bank and in hand	22,994	(13,324)	-	-	(431)	9,239
Other borrowings	(182,484)	(163,576)	330,490	-	15,570	-
Convertible loan notes	(7,751,742)	(162,500)	7,753,836	(436,865)	436,384	(160,887)
	(7,911,232)	(339,400)	8,084,326	(436,865)	451,523	(151,648)

	1 January 2022	Cash flows	Acquisitions and disposals	Other non-cash changes	Exchange rate movements	31 December 2022
Prior year:	£	£	£	£	£	£
Cash at bank and in hand	394,700	(378,959)	-	-	7,253	22,994
Borrowings excluding overdrafts	-	(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)