

BALAMA GRAPHITE PROJECT - UPDATE

COMPANY INFORMATION

Mustang Resources Ltd ABN 34 090 074 785 ASX Code: MUS

Current Shares on Issue: 457,149,921

Market Capitalisation: \$37.94M as at 3 March 2017

COMPANY DIRECTORS

Ian Daymond Chairman

Christiaan Jordaan Managing Director

Cobus van Wyk Director

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mustangresources.com.au

6 March 2017

SPECTACULAR HIGH-GRADE GRAPHITE DISCOVERY AT CAULA PROJECT IN MOZAMBIQUE

Caula on strike with Syrah's (ASX:SYR) advanced Balama Graphite Project

- Extremely high-grade results over extensive widths from diamond drilling at Mustang's Caula Graphite Project (Licence 6678L) in Mozambique
- Spectacular grades of up to 26% Total Graphitic Carbon (TGC) demonstrate potential for Caula to become a low-cost supplier to the lithium battery industry
- Results include:
 - MODD 001: 40m at 15.9%TGC average (inc. multiple intersections of 24-25% TGC)
 - MODD 002: 14m at 12.9%TGC average (inc. multiple intersections of 21-23% TGC)
 - MODD 003: 87m at 15.2% TGC average (inc. multiple intersections of 25-26% TGC)
 - MODD 004: 63m at 12.1% TGC average (inc. multiple intersections of 22-25% TGC)
 - MODD 005: 63m at 11.1% TGC average (inc. multiple intersections of 21-22% TGC)
- Core samples in transit to SGS Perth for full metallurgical analysis and flowsheet development – with results expected early in Q2 2017
- Field assessment has also highlighted the potential for large flake sizes
- Results will underpin maiden JORC Resource scheduled for release at end of Q2 2017; Scoping Study to follow in August



Mustang Resources Ltd (ASX: MUS) is pleased to announce that it has made a spectacular high-grade graphite discovery at its 80% owned **Caula Project (License 6678L)** along geological strike of the Syrah Resources (ASX:SYR) world-class Balama graphite project in Mozambique.

Each of the first five diamond drill holes at Caula returned exceptionally high grades of up to 26 per cent Total Graphitic Carbon in multiple 1m samples/intersections.

Graphite was also intersected over extensive widths of 14m to 87m (downhole based on an incline of between 55° and 60°), providing strong evidence that Caula is both a large and extremely high-grade deposit with graphite mineralisation starting at shallow depth in the oxidised zone near surface.

The Caula Project sits within Mustang's Balama Project licence areas. Due to the highly successful results at Caula, Mustang has decided to name this project in its own right. The licence areas which do not form part of Caula will continue to be referred to as the Balama Project.

The Caula core is now on its way to SGS, a leading Perth laboratory, which will assess its metallurgical characteristics. These results, combined with the assays from the holes referred to above, will be used to calculate a maiden JORC Resource estimate. Mustang expects to publish this estimate in the second quarter followed by an initial Scoping Study.

Mustang also intends to undertake a comprehensive analysis of flake size distribution and preliminary flowsheets for high-quality graphite concentrate products. This is aimed at confirming field observations which suggest the Caula graphite deposit contains large flake-sizes.

Mustang Managing Director Christiaan Jordaan said that the results showed Caula was set to be a Tier 1 graphite project.

"It is already clear that Caula will be one of the highest-grade graphite deposits in the world," Mr Jordaan said.

"This high grade will enable us to generate a top-quality product at a relatively low cost, maximising margins and providing protection against any price volatility."





Caula Project - Phase 1 Drilling (Licence 6678L)

A total of five diamond drill holes have been completed to date on the Caula Project on Licence 6678L within the tight closed anticline hinge identified by the SkyTEM data (see Figure 2).

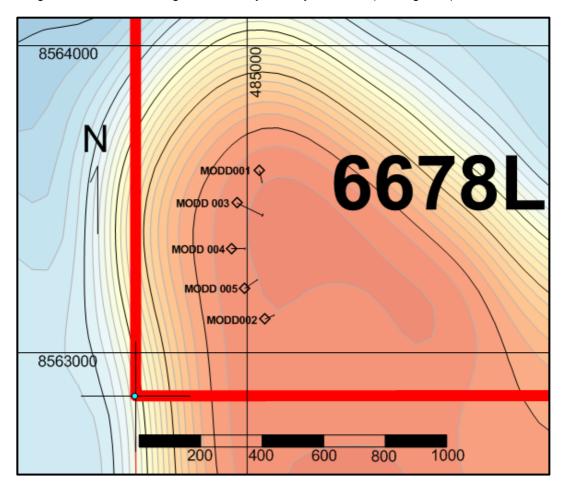


Figure 1. Locations of October-November 2016 Diamond Drill holes; MODD 001, MODD 002, MODD 003, MODD 004 and MODD 005.



The recent diamond holes drilled have intersected significant intervals of graphite including drill hole **MODD 001** on licence 6678L (Caula Project), has an **average of 15.9% TGC** within the mineralised graphitic mineralisation zone from 10m to 65.68m (all depths mentioned for this hole are downhole depths – based on an incline of 55°). The graphite mineralisation is shallow with high grades close to the surface, including 23.2% TGC at 11m from surface, 23.6% TGC at 12m from surface and 22.8%TGC at 13m. The highest TGC value recorded for this hole is 24.9% TGC at 24.44m – 23.44m below surface. Details shown in Figure 2 below.



Figure 2. Cross-section along MODD 001

Based on a 0.05% TGC cut off, drill hole **MODD 002** on licence 6678L (Caula Project) has an average of 12.90% TGC within the mineralised graphitic zone from 19.04m to 63.14m (all depths mentioned for this hole are downhole depths – based on an incline of 55°). The highest TGC value recorded for this hole is 23.2% TGC at 19.04m - 20m below surface. Details shown in Figure 3 below.

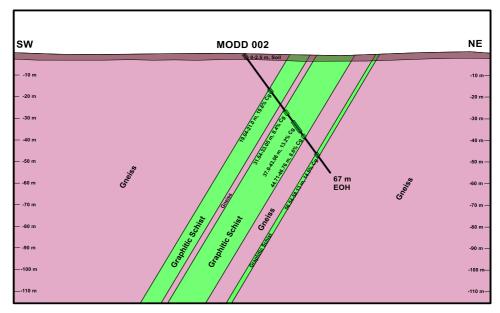


Figure 3. Cross-section along MODD 002



Based on a 0.31% TGC cut off, drill hole **MODD 003** on licence 6678L (Caula Project) has an average of 15.20% TGC within the mineralised graphitic zone from 14.85m to 158.42m (all depths mentioned for this hole are downhole depths – based on an incline of 55°). The highest TGC value recorded for this hole is 26.3% TGC at 153m - 154m below surface. Details shown in Figure 4 below.

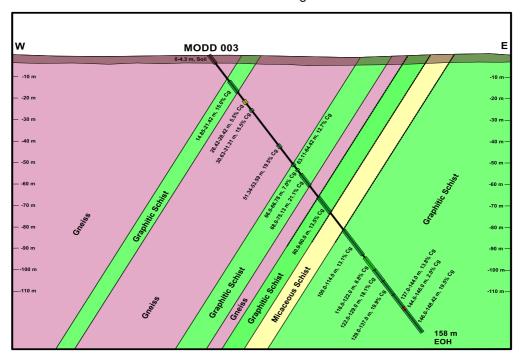


Figure 4. Cross-section along MODD 003

Based on a 1.82% TGC cut off, drill hole **MODD 004** on licence 6678L (Caula Project) has an average of 12.1% TGC within the mineralised graphitic zone from 17m to 97.04m (all depths mentioned for this hole are downhole depths – based on an incline of 60°). The highest TGC value recorded for this hole is 24.8% TGC at 35m – 36m below surface. Details shown in Figure 5 below.

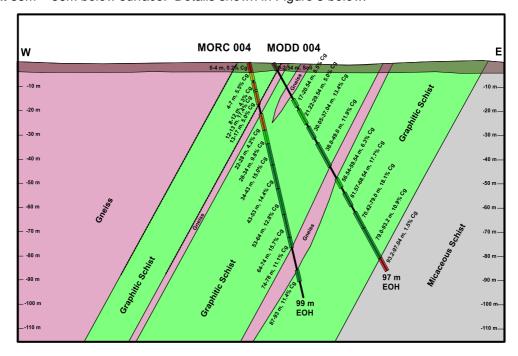


Figure 5. Cross-section along MODD 004 and MORC 004



Based on a 0.12% TGC cut off, drill hole **MODD 005** on licence 6678L (Caula Project) has an average of 11.03% TGC within the mineralised graphitic zone from 13.35m to 100.44m (all depths mentioned for this hole are downhole depths – based on an incline of 56°). The highest TGC value recorded for this hole is 22.10% TGC at 60m -61m below surface. Details shown in Figure 6 below.

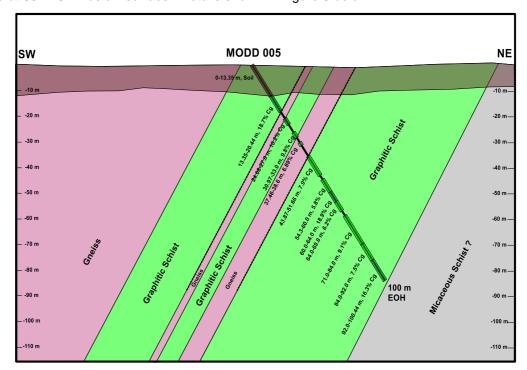


Figure 6. Cross-section along MODD 005.

Licences 6636L & 4662L

Based on a 1.8% TGC cut off, drill hole **MODD 007** on licence 6636L has an average of 9.4%TGC within the mineralised graphitic zone from 17m to 49m (all depths mentioned for this hole are downhole depths – based on an incline of 58°). The highest TGC value recorded for this hole is 16.50% TGC at 29m - 30m below surface.

Drill hole **MODD 008** on licence 4662L, has an average of 3.4%TGC within the mineralised graphitic zone from 20.44m to 41.44m (all depths mentioned for this hole are downhole depths – based on an incline of 57°). The highest TGC value recorded for this hole is 6.22% TGC at 38.44m – 41.44m below surface.

Further Laboratory Analysis & JORC Resource

In relation to the current analysis program, graphite samples are now in transit to undergo metallurgical processing at SGS, Perth to confirm the flake size distribution and their liberation properties. The Company will announce the laboratory analysis results in the near future. Following the completion of the metallurgical analysis a JORC Resource will be calculated followed by an initial Scoping Study.

For and behalf of the Company.

Christiaan Jordaan

Managing Director



FOR FURTHER INFORMATION, PLEASE CONTACT:

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FORWARD-LOOKING STATEMENTS:

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to the Company's planned exploration program and other statements that are not historic facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although the Company considers that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

COMPETENT PERSON'S STATEMENT:

Information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant to Sumsare Consulting, Witbank, South Africa which was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.

About Mustang Resources Ltd (ASX:MUS)

Listed on the Australian Securities Exchange, Mustang Resources Limited (ASX:MUS) is an emerging gemstone developer and producer focused on the near-term development of the highly prospective Montepuez Ruby Project in northern Mozambique.

The Montepuez Ruby Project consists of three licenses covering 15,800 hectares directly adjacent to the world's largest ruby deposit discovered by Gemfields PLC (AIM:GEM) in 2012. Since supply of rubies from sources outside Mozambique has become fractured and unreliable, Mustang stands to capitalise on the current demand around the world for ethically produced rubies by becoming a reliable, consistent supplier of high-quality rubies.

The Company is currently fast-tracking its work program on the Montepuez Ruby Project with high priority targets being identified and low-cost bulk sampling having commenced. Website: www.mustangresources.com.au

APPENDIX 1 – RC DRILLHOLE SUMMARY TABLE



RC drillholes drilled to date as part of the 2015 maiden drill program

Duill Name	Coordinate	s - Zone 37	Concession	Dow	n Hole Su	ırvey Re	sults
Drill Name	Easting	Northing	Number	Depth	AZIM	INC	MAG
	479623	8546100					
MORC-001	13° 09' 05.5''	38° 48' 43.1''	5873L	103m	159,1	69,8	36027
MORC-002	483870	8550568	5873L	91m	145,4	74,8	35644
	13° 06' 40.1''	38° 51' 04.3''					
MORC-003	484292	8555877	5873L	76m	83,8	76,4	34880
	13° 03' 47.3''	38° 51' 18.4''					
MORC-004	484939	8563344	6678L	99m	114,4	76,3	35298
	12° 59' 44.2''	38° 51' 40.0''					
	478661	8546651					
MORC-006	13° 08' 47.5''	38° 48' 11.2''	5873L	105m	139,6	70,4	36585
MODC 007	452240	8505362		C1:00	127.4	67.4	25140
MORC-007	13° 31' 10.5''	38° 33' 31.1''	6636	61m	137,4	67,4	35140
MORC-008	451450	8511181	4662L	85m	176,7	79,7	35069
	13° 28' 01.0''	38° 33' 05.2''					

RC drillholes drilled in October 2014 – refer to ASX announcement dated 10 June 2015 for additional information pertaining to these two drillholes

BHID	UTM East	UTM North	mRL	Azimuth	Dip	Depth	Hole Type	Licence No.
RC001	484791	8551728		120	-60	60	RC	5873L
RC002	479332	8554960		120	-60	50	RC	6527L



APPENDIX 2 – DD DRILLHOLE SUMMARY TABLE

Drill Name	Coordinates - Zone 37		Concession Number	6678L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	13/11/201 6	Azimuth	153
MODD 001	485040	8563594	Drilling end:	17/11/201 6	Dip	55
Highest TGC - 24.9% TGC @ 22.44 - 23.44m			Average TGC mineralised zones		15.86%	
EOH - 65.68m			Average over whole hole		11.51%	

Drill Name	Coordinates - Zone 37		Concession Number	6678L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	18/11/2016	Azimuth	43
MODD 002	485057	8563110	Drilling end:	24/11/2016	Dip	55
				-		
Highest TGC - 23.2 TGC @ 19.04 -20m			Average TGC mineralised zones (above 0.05 TGC) 12.90%			
EOH - 63.14m			Average over whole hole		4.09%	
			•			

Drill Name	Coordinates - Zone 37		Concession Number	6678L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	02/11/2016	Azimuth	115
MODD 003	484966	8563488	Drilling end:	12/11/2016	Dip	55
Highest TGC - 26.3 TGC @ 153 - 154m			Average TGC mineralised zones (above 0.31 TGC)			20%
EOH - 158.42m			Average over whole hole		10.64%	

Drill Name	Coordinates - Zone 37		Concession Number	6678L	Survey System	WGS 84 UTM
Drill Name	Easting	Northing	Drilling Commenced	18/10/2016	Azimuth	91
MODD 004	484949	8563339	Drilling end:	25/10/2016	Dip	60
Highest TGC - 24.80 TGC @ 35 -36m			Average TGC mineralised zones (above 1.82 TGC) 12.09%			
EOH - 97.04m			Average over whole hole		10.59%	



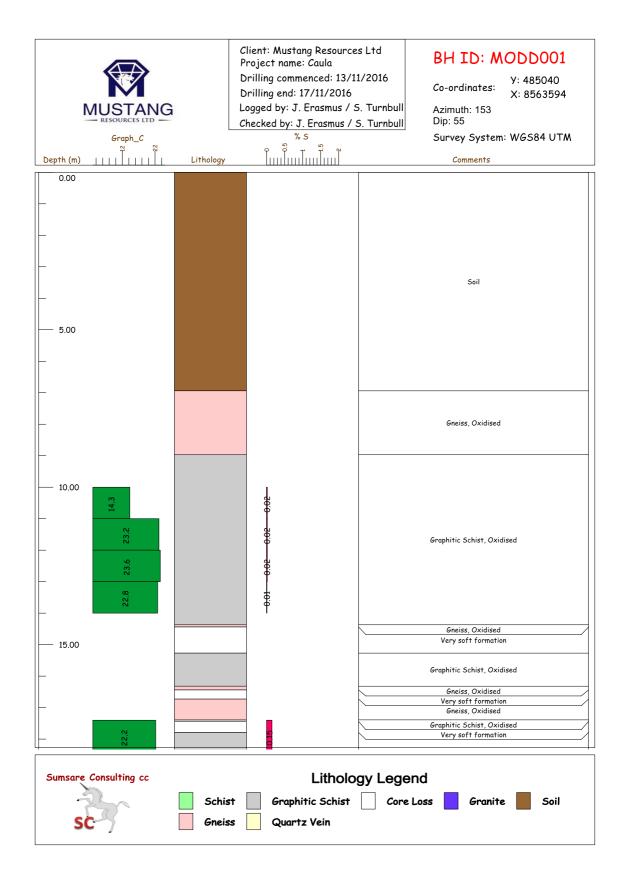
Drill Name	Coordinates - Zone 37		Concession Number	6678L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	26/10/2016	Azimuth	57
MODD 005	484992	8563210	Drilling end:	01/11/2016	Dip	56
Highest TGC - 22.10% TGC @ 60 - 61m			Average TGC mineralised zones (above 0.12 TGC) 11.08%)8%
EOH - 100.44m			Average over whole hole		8.33%	
			•		•	

Drill Name	Coordinates - Zone 37		Concession Number	6636L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	10/10/2016	Azimuth	121
MODD 007	452231	8505369	Drilling end:	12/10/2016	Dip	58
Highest TGC - 16.50 TGC @ 29 -30m			Average TGC mineralised 9.39% zones (above 1.8% TGC)			
EOH - 56.21m			Average over whole hole		9.10%	
			•			

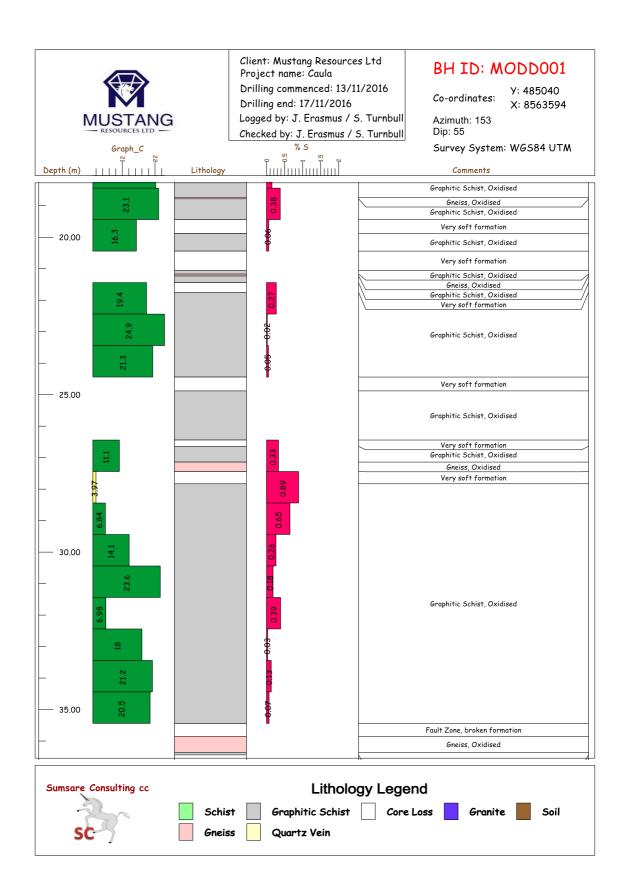
Drill Name	Coordinates - Zone 37		Concession Number	4662L	Survey System	WGS 84 UTM
	Easting	Northing	Drilling Commenced	13/10/2016	Azimuth	89
MODD 008	451447	8511185	Drilling end:	15/10/2016	Dip	57
Highest TO	GC - 6.22 TGC @ 3	8.44 41.4m	Average TGC mineralised zones 3.35%			
EOH - 41.44m			Average over whole hole		2.85%	



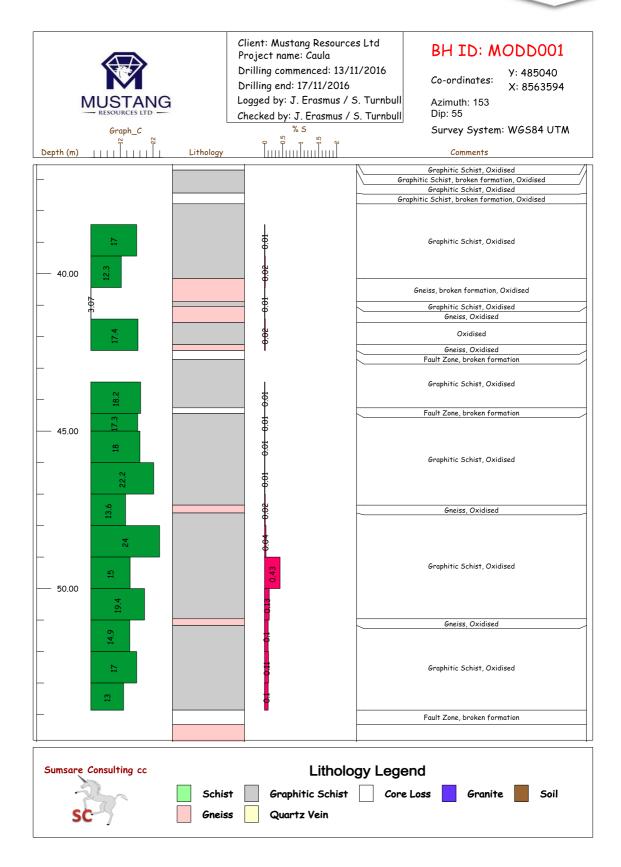
APPENDIX 3 – DD DRILLHOLE SUMMARY LOGS



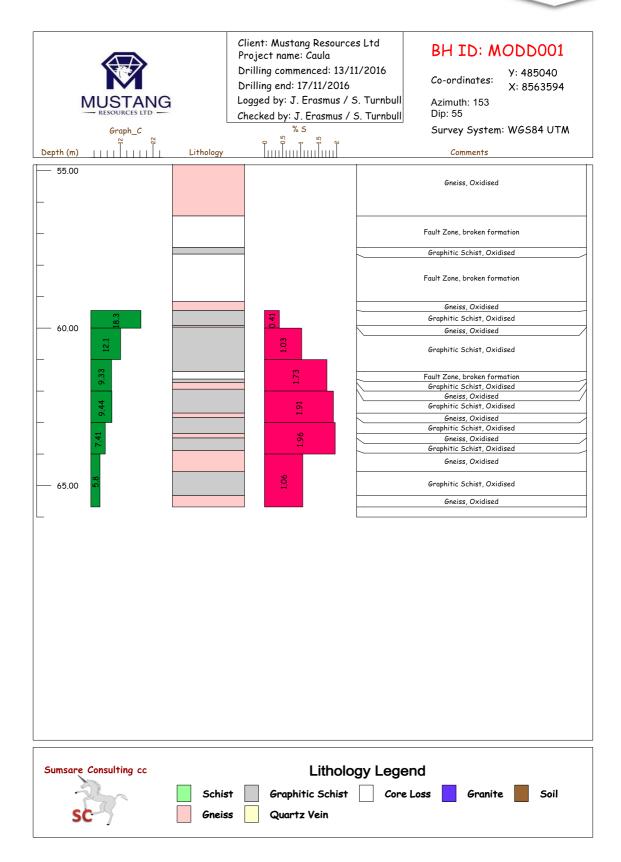




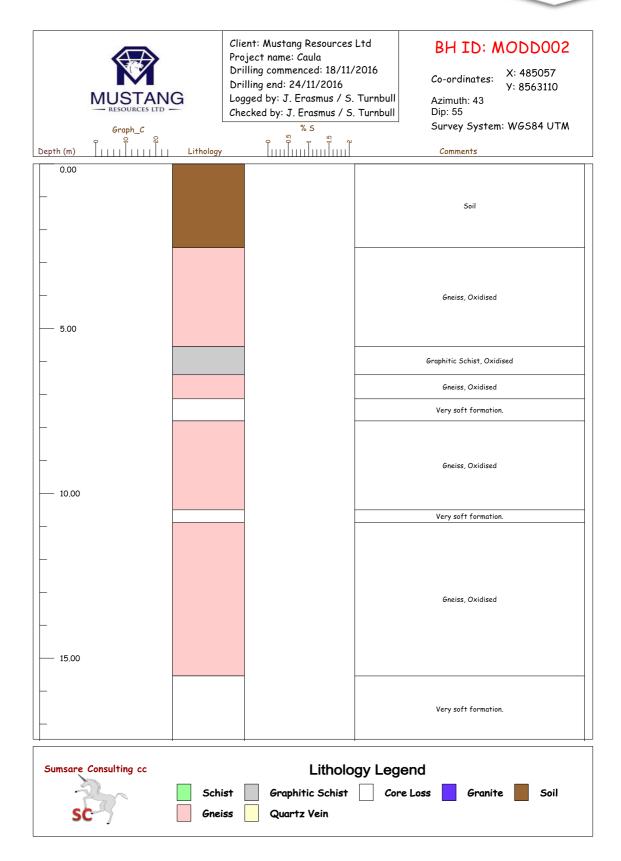




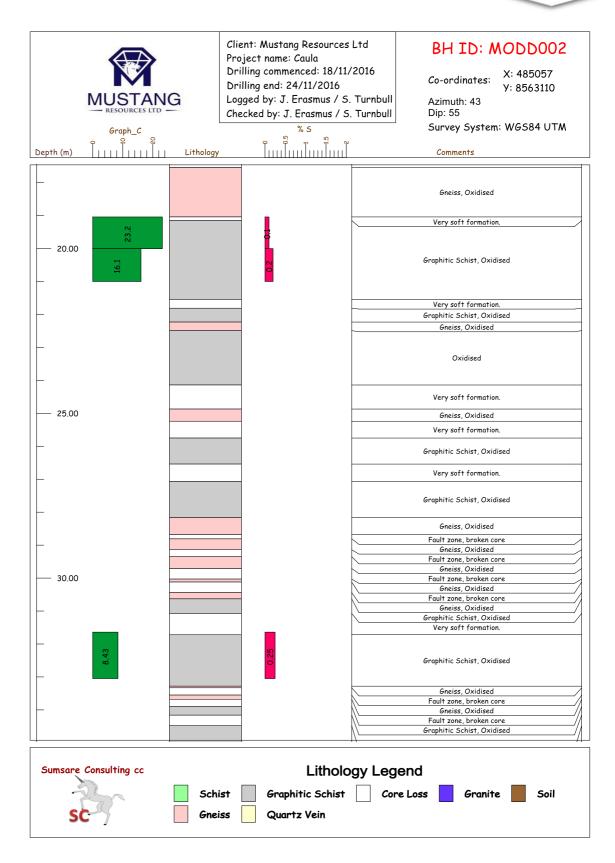




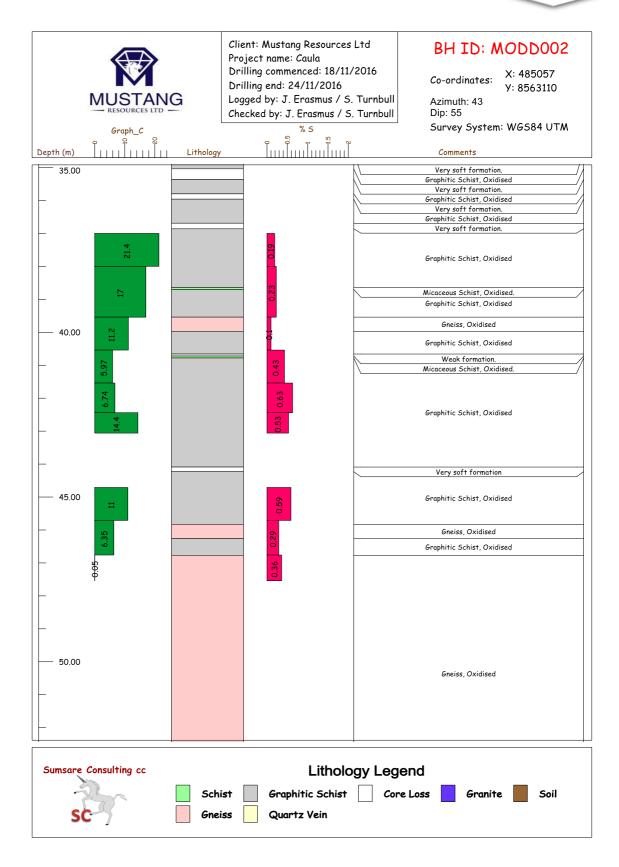




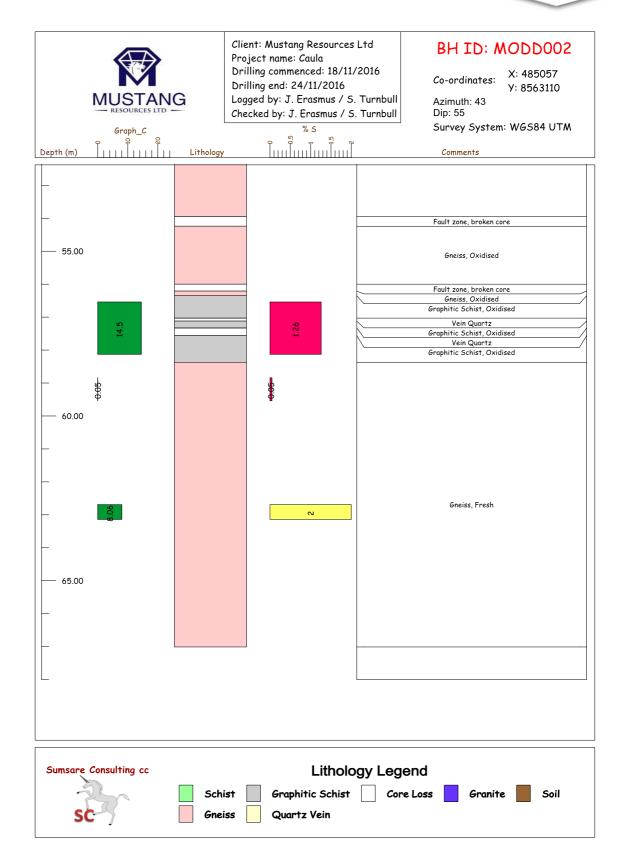




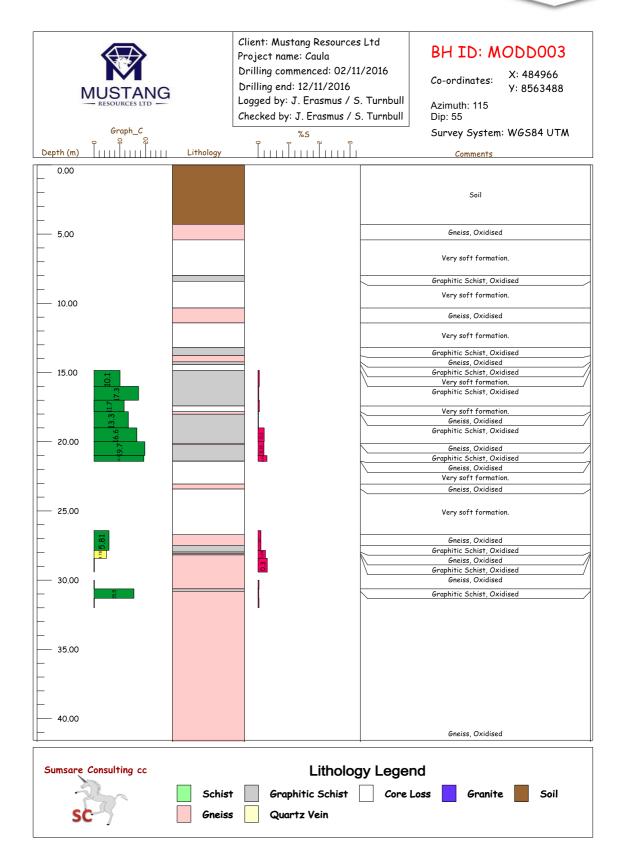




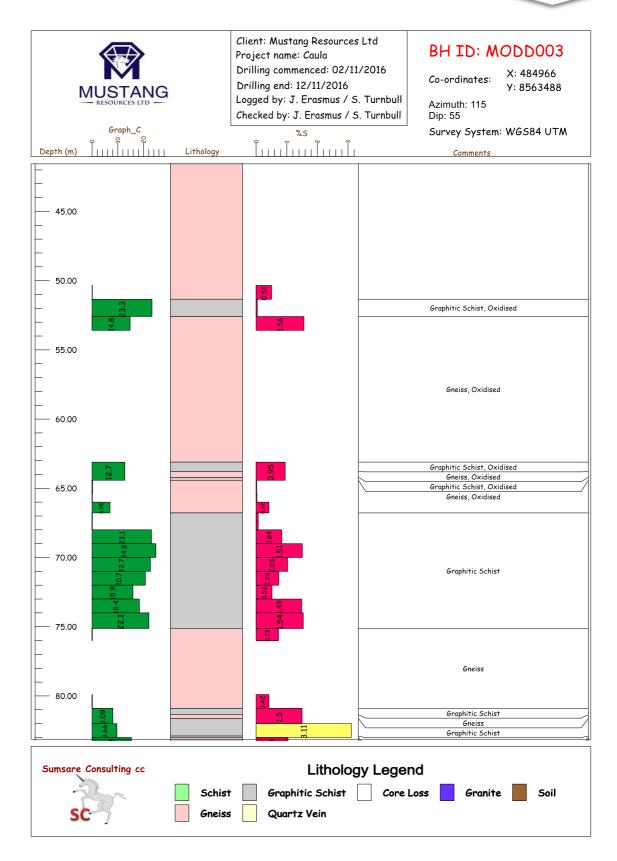




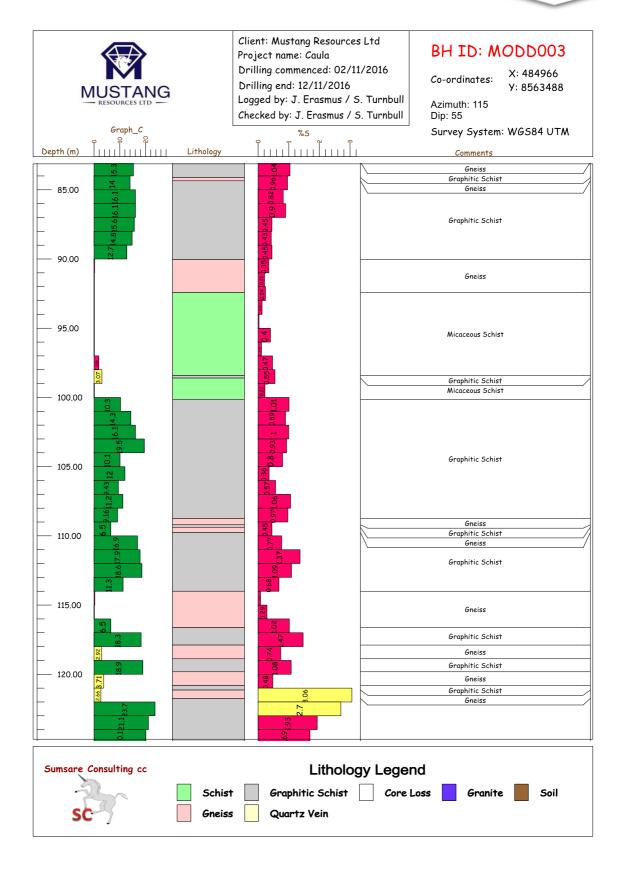




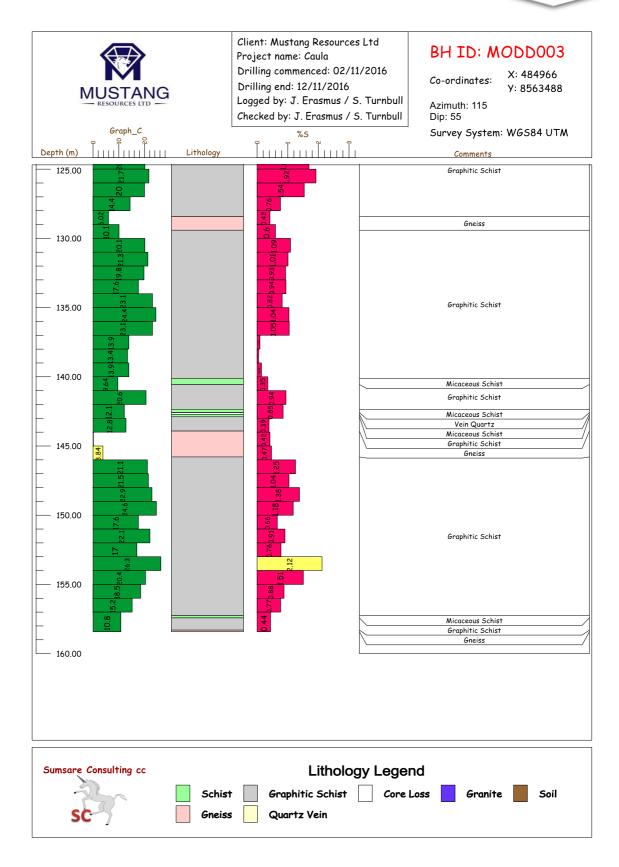




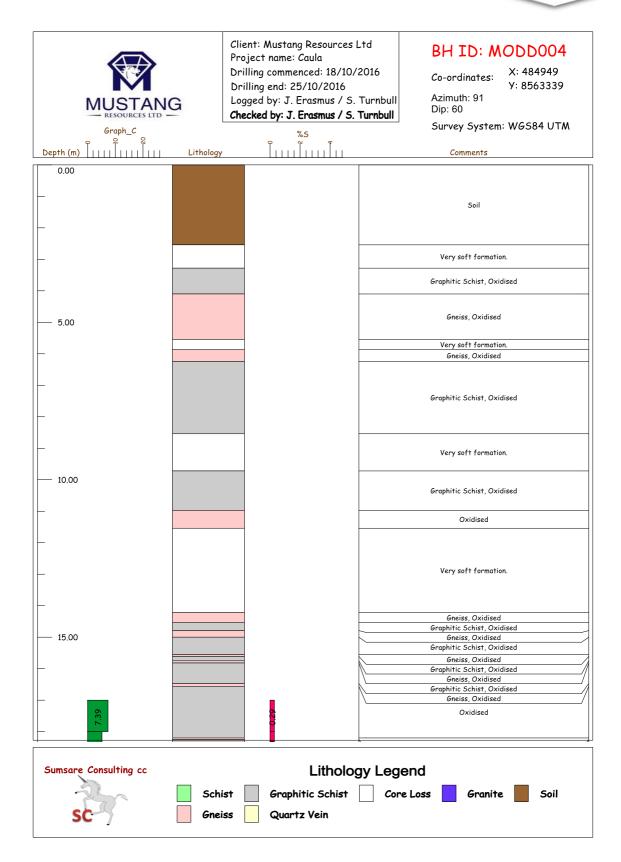




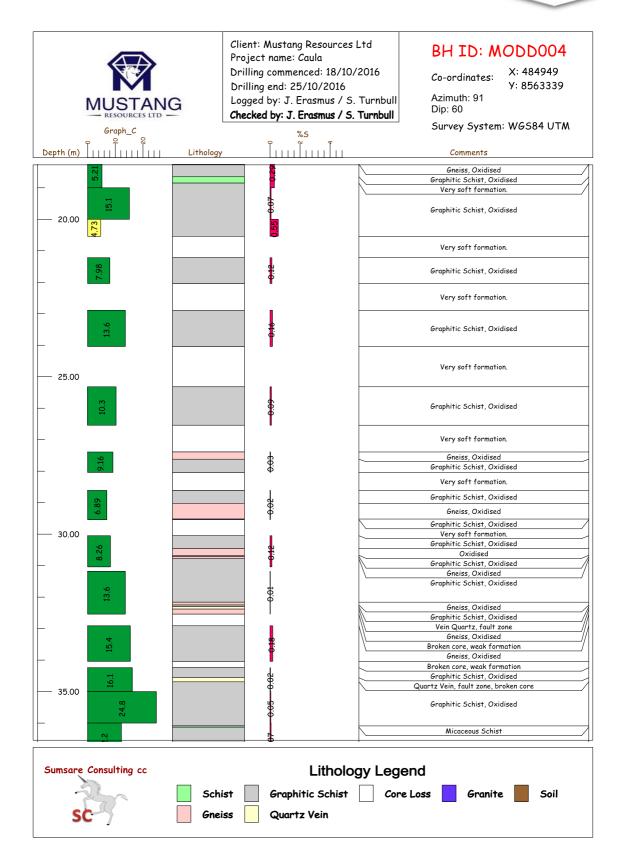




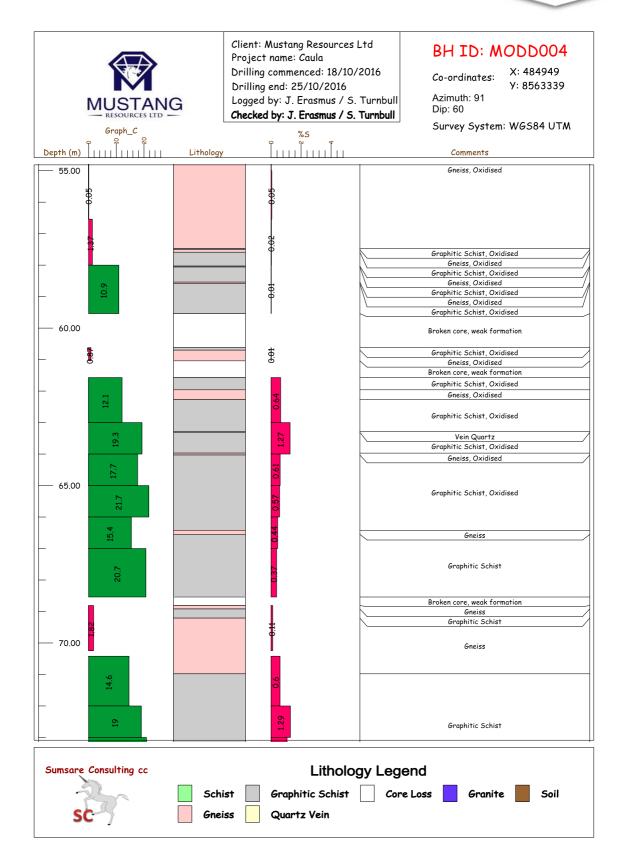




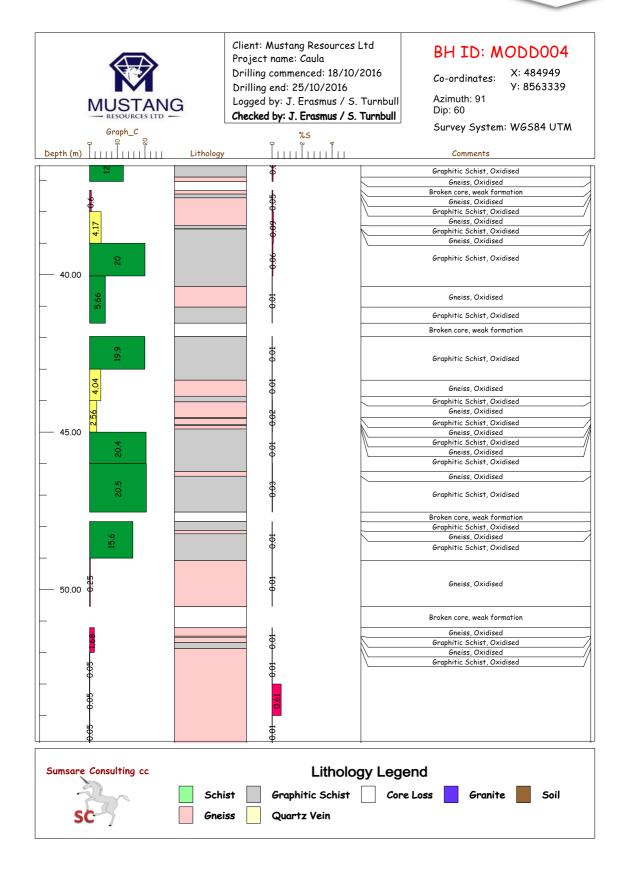




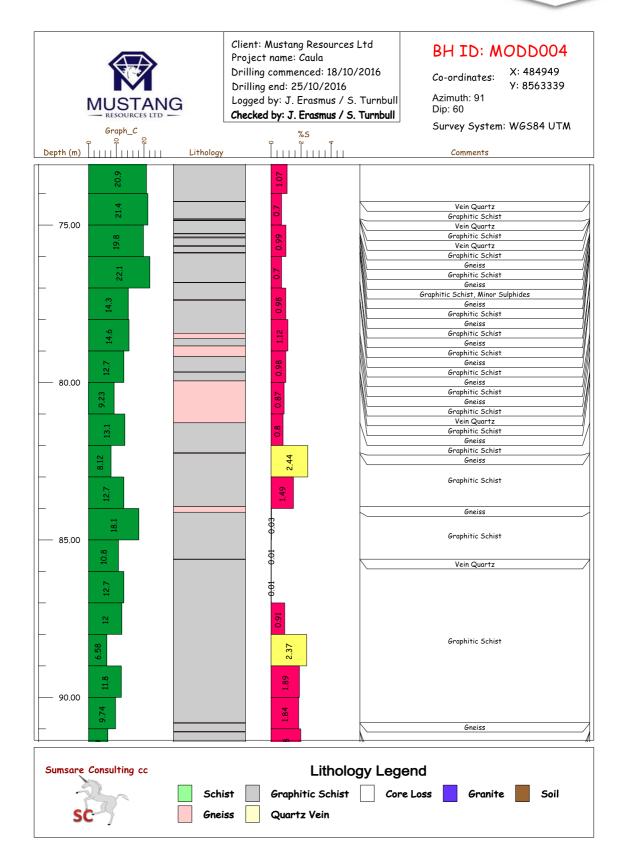




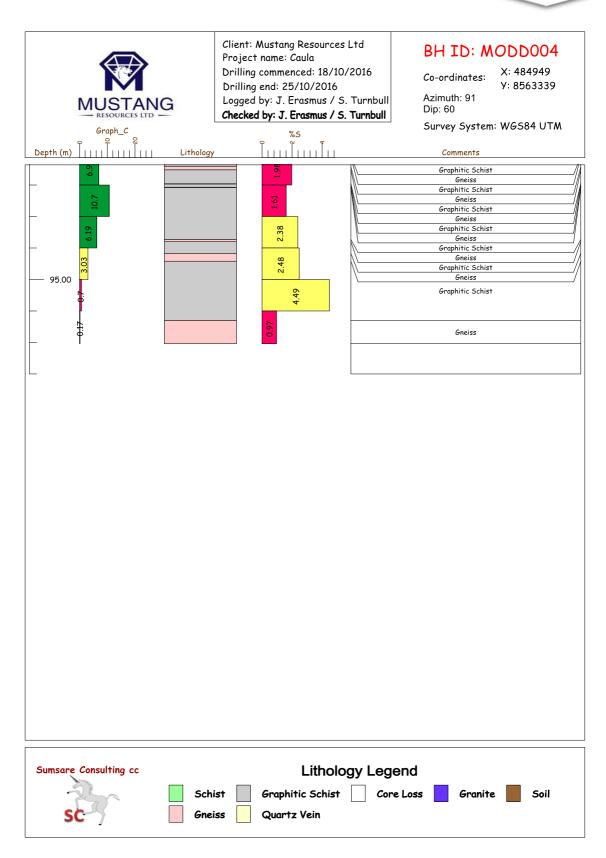




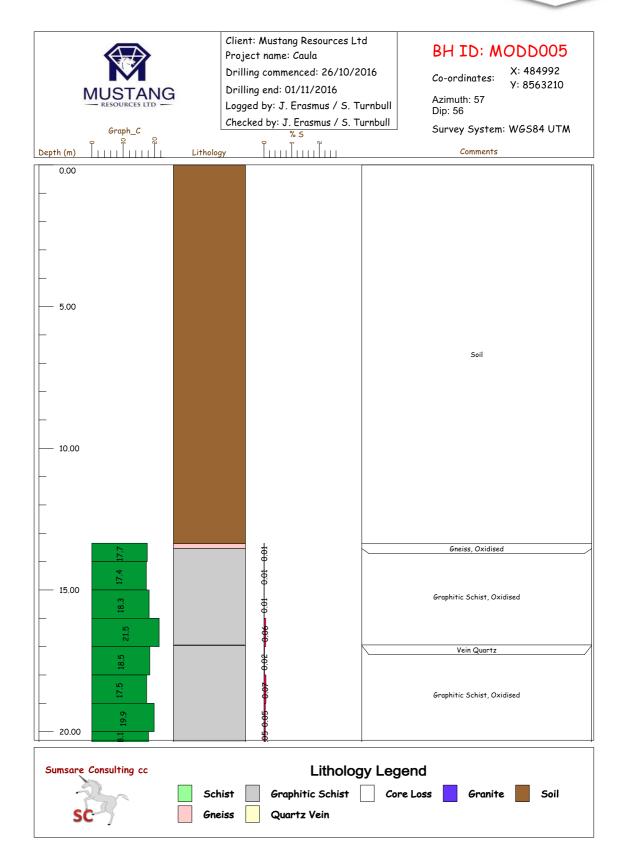




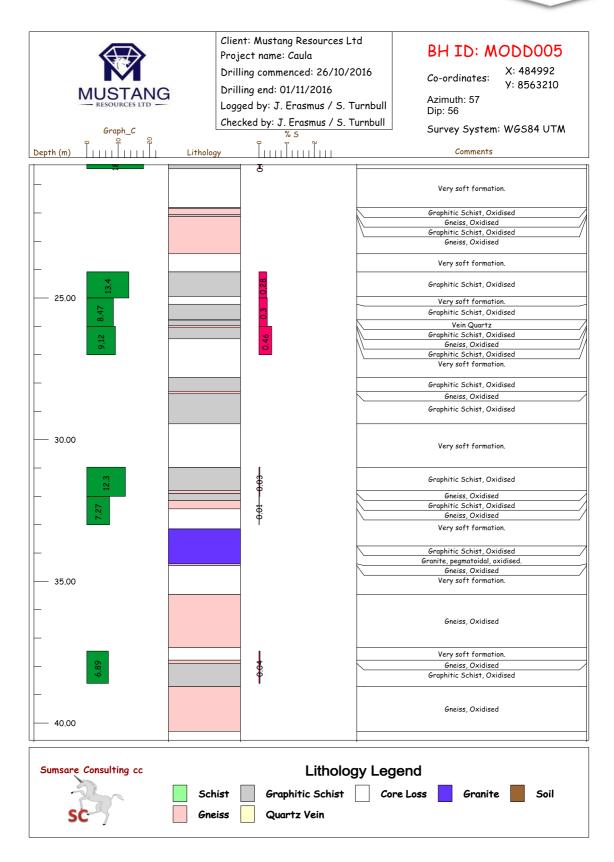




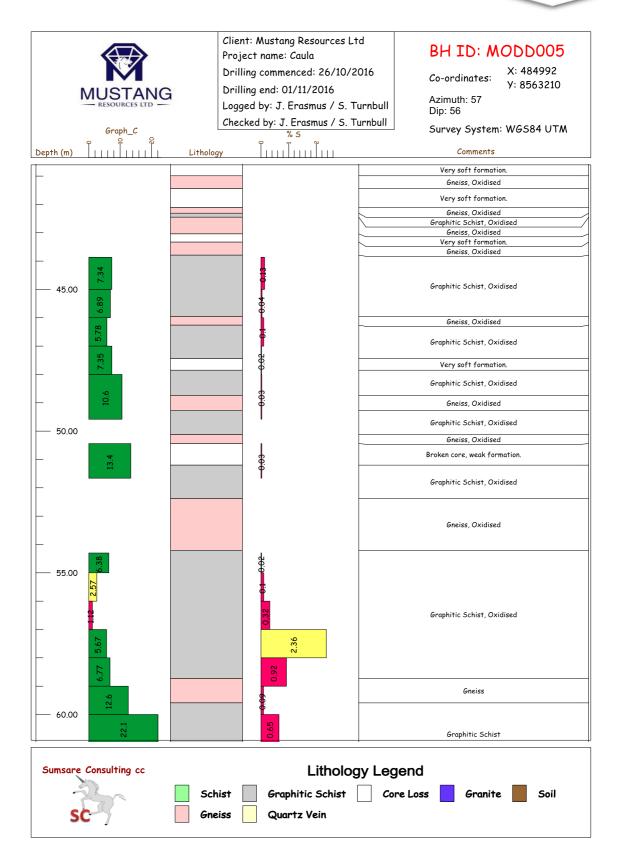




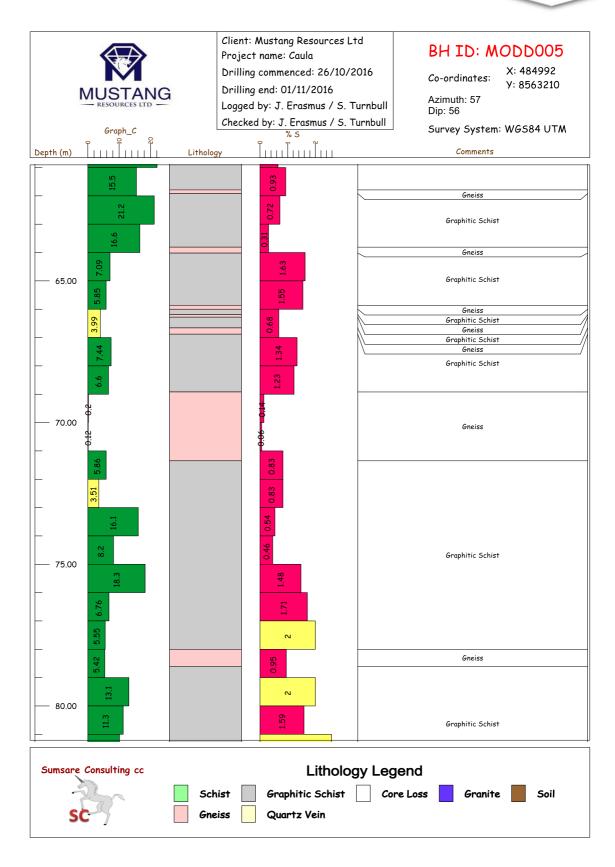




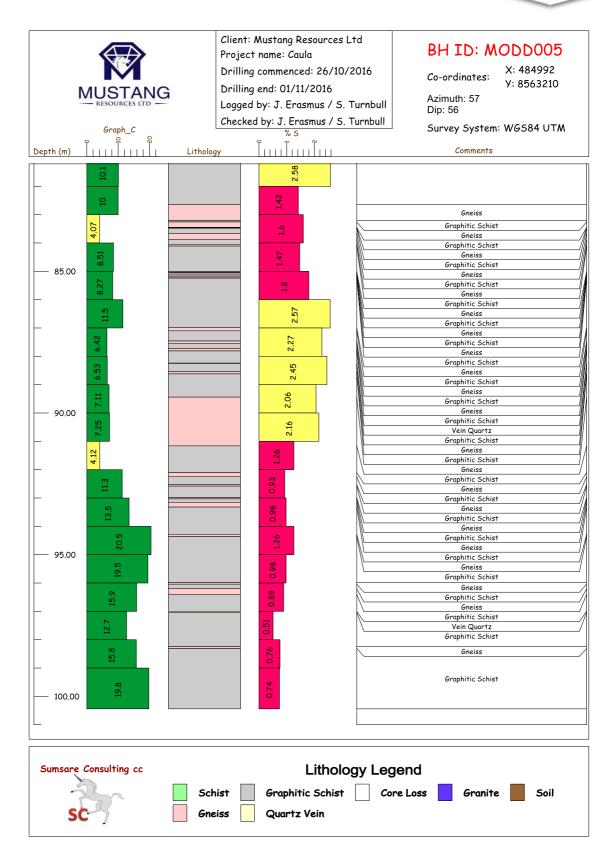




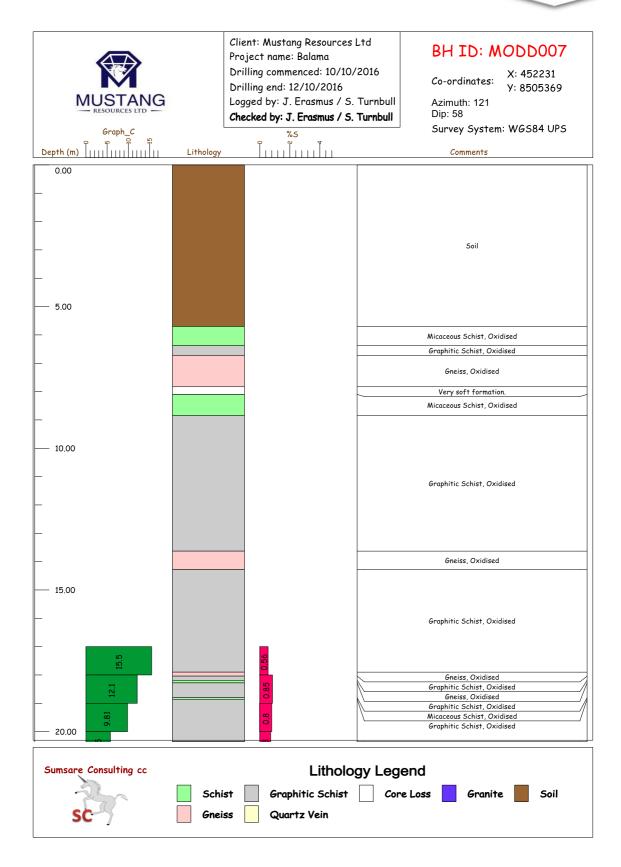




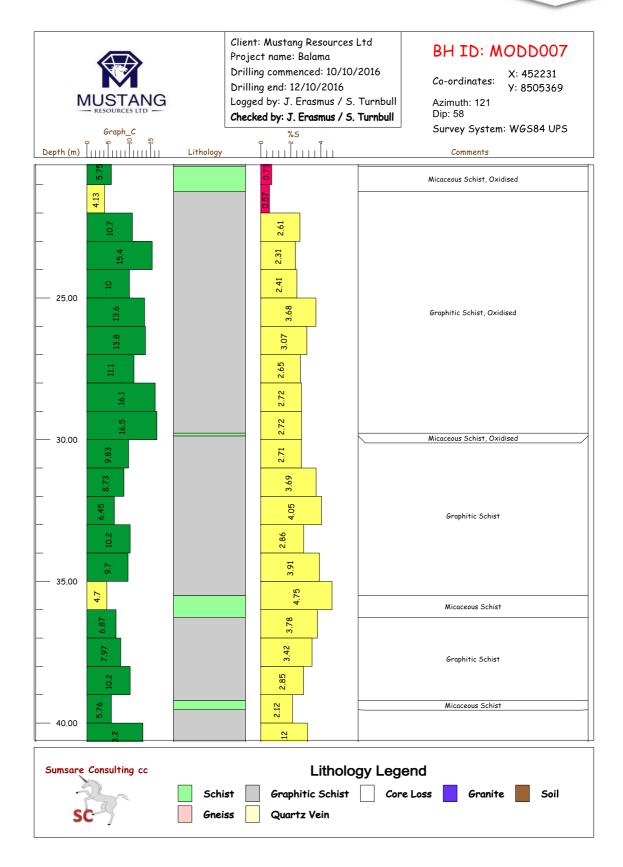




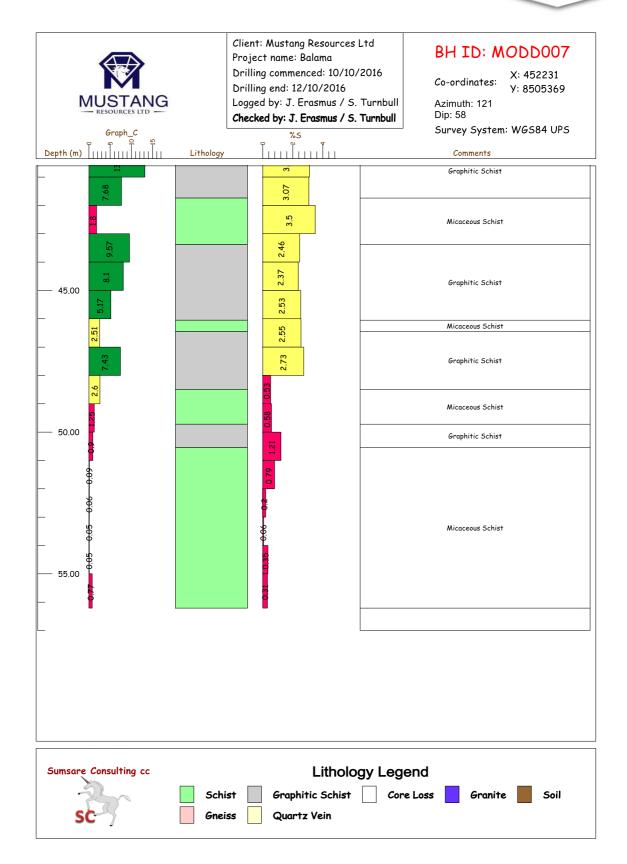




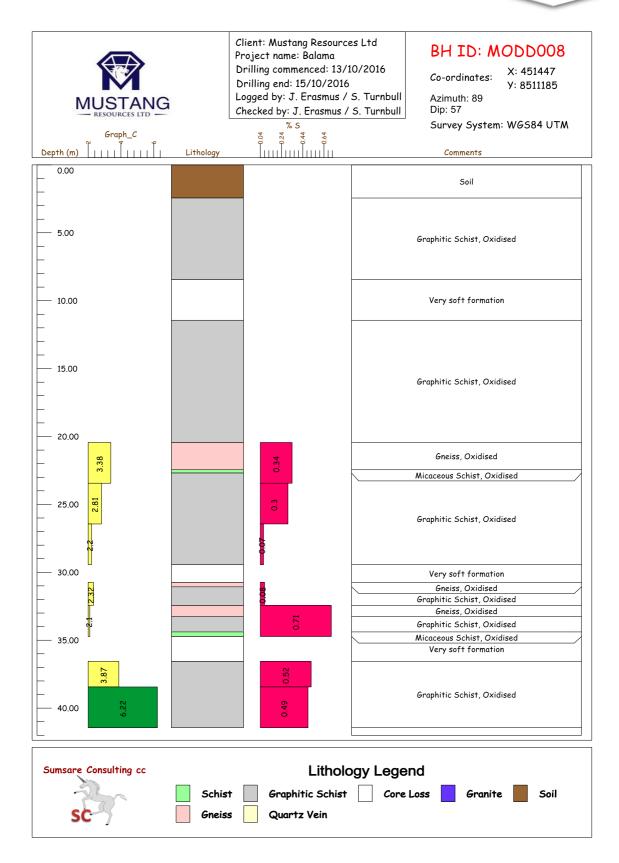












JORC CODE, 2012 EDITION – TABLE 1 Appendix to Graphite Announcement – 6 March 2017

Section 1 sampling techniques and data.

Criteria	JORC Code Explanation	MUS Commentary
Sampling techniques	 Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	2014 Field Program Sampling undertaken as part of the initial exploration program included rock chip sampling from graphitic-bearing surface outcrop within prospecting & exploration licences 4661L and 4662L. Three representative rock chip samples were collected from two outcrop locations and were submitted to SGS Laboratories and Set Point Laboratories in Johannesburg for Cg % analysis (LECO), as well as XRF (major elements) and petrographic description by optical microscopy.
	• Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Two test RC holes were drilled within prospecting & exploration licences 6527L and 5873L to test prospective stratigraphy for the presence of graphite mineralisation. The drillhole locations were generated based on results from the initial ground EM survey and airborne magnetic data. A total of 13 drillhole intervals were selected for sampling based on geological logging and only zones logged as graphitic-rich were submitted to the laboratory for analysis. Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffling. The bagged 3kg samples were submitted to SGS Laboratories and Set Point Laboratories in Johannesburg for Cg % analysis (LECO), as

Criteria	JORC Code Explanation	MUS Commentary
		well as XRF (major elements) and petrographic description by optical microscopy.
		A total of eleven intervals from hole RC001 were selected for sampling:
		- 5 – 6m - 9 – 10m - 22 – 23m - 32 – 33m - 37 – 38m - 42 – 43m - 43 – 44m - 47 – 48m - 50 – 51m - 51 – 52m - 57 – 58m Two intervals from hole RC002 were selected for sampling:
		- 5 – 6m - 17 – 18 m The initial exploration program was undertaken in order to confirm the presence of graphite mineralisation and results are not intended to be used for resource determination.
		2015 Field Program
		Samples have been taken from Reverse Circulation (RC) drillholes.
		Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffling.

Criteria	JORC Code Explanation	MUS Commentary
		Drillhole collar locations were generated based on results from a recently flown airborne SkyTEM EM survey (refer to previous MUS ASX announcements).
		Ten RC drill holes have been drilled to date.
		A total of 77 intervals from RC drillhole MORC-004; 84 intervals from RC drill hole MORC-006 and 74 intervals from RC drill hole were selected for sampling.
		Drill hole intervals were selected for sampling based on geological logging and samples showing no clear example of graphite have been excluded from the analysis completed by SGS Randfontein, an accredited laboratory
		The 1m composite samples from the RC drilling were submitted to SGS Randfontein. The samples were riffle split on a 50:50 basis, with one split pulverised and analysed for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the remaining split held in storage.
		In addition, selected samples which are currently in storage will be submitted for flake size distribution analysis and XRF analyses to obtain the vanadium content.
		A single "test pit" 1 metre by 2.4 metres was excavated to a depth of 1.8 metres. The "test pit" was excavated in close proximity to MORC-002.
		To date no samples have been collected from the test pit.
		2016 Field Program

Criteria	JORC Code Explanation	MUS Commentary
		Seven cored boreholes were drilled as part of the 2016 field programme. The diamond drilling (DD) was completed using a Boart Long-year LF 90 drill-rig and the core was recovered with HQ(III) equipment. The contractor used for the 2016 drill programme is Major Drilling, a Canadian based operation with a local presence in Mozambique.
		 Drillhole collar locations were generated based on results from a flown airborne SkyTEM EM survey which was completed during 2015 (refer to previous MUS ASX announcements). Sampling is of HQ(III) DD core. A total of 354 m of mineralization were sampled over seven DD boreholes. Three DD holes (MOD004, MODD007, MODD008) have been twinned with existing RC holes (MORC004, MORC007, MORC008) for lithology and grade verification. The core is photographed in sequence as the core is packed into the core trays at the drill site. The recovered DD core is cut lengthwise with a core splitting saw to produce 1 m samples. Where lithological boundaries did not fit the 1m geometry, the sample length was to be a minimum of 0.4 m or a maximum of 1.5 m. In the case of MOD008, the core is sampled in 3 m lengths (the drilling runs), due to a very deep oxidised horizon of the mineralized rock. For comparison with the RC results, this specific RC hole (MORC008) will be composited back to 3 m intervals. Core is halved for normal analyses. In the case of duplicate analyses (1 in 20), the core is quartered. In total 1 161 kg of sample was taken over 362 samples for chemical analyses. The remaining core is halved in the mineralized zones to provide a quartered sample for metallurgical analysis. In total 551 kg of sample over 342 samples was taken for metallurgical test-work. The remaining quarters and halves are retained in stratigraphic
		 The remaining quarters and halves are retained in stratigraphic sequence in the core trays. The remaining core has been photographed, and the trays wrapped in cling-film, before it was

Criteria	JORC Code Explanation	MUS Commentary
Drilling techniques	Drill type (eg core, reverse circulation, open-hole)	 put in container storage on site at the Mustang camp outside Montepuez. Samples are to be submitted for LECO analyses as well as for XRF multi-element analyses in selected instances. Mineralised zone core as well as 1 m boundaries into non-mineralised zone core will be submitted for analysis. Initial metallurgical analysis will be performed on between 2 and 4 composited samples. The sampling will be split between the oxidized and fresh mineralized zones. 2014 Field Program
Drining techniques	hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so,	Reverse circulation drilling was used to drill two 5.5 inch diameter holes.
	by what method, etc).	RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected and reduced to a 3kg sample by riffling.
		2015 Field Program
		Reverse circulation drilling was used to drill 5.5 inch diameter holes.
		RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected by an air cyclone which was reduced to a 3 kg sample by riffling.
		Reflex Ezy shot tools were used to take downhole survey measurements to monitor drillhole azimuth and dip.
		2016 Field Program
		 The core drilling was completed with a Boart Longyear LF-90 drilling rig. The drilling equipment was HQ(III) sized. Drilling was planned to be perpendicular to strike, and as close as possible to true width intersections. The borehole dip and azimuth was surveyed at 3 m intervals from

Criteria	JORC Code Explanation	MUS Commentary
		the bottom of the borehole with a Reflex EZ-Trac tool. The maximum deviation from the planned azimuth was measured at 6° in MODD003. The maximum deviation from the planned dip was measured at 5° in MODD004. • Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. • The core was oriented with a Reflex Tool.
Drill sample recovery	 Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log is maintained for data verification. The samples obtained are considered to be representative of the drilled intervals and no preferential loss or gain of fine or coarse material was identified during the initial exploration program. 2015 Field Program The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log are maintained for data verification. Recovery has been good with 35kg + being returned per metre drilled. Several wet intervals had poor to no sample recovery. MORC001 the last metre was not recovered due to excess water (102-103m).

Criteria	JORC Code Explanation	MUS Commentary
		 MORC003 three metres in the last 7 metres could not be recovered due to excess water make (70 – 71m, 72-73m and 76-77m). Due to the early stage of exploration works at the project, no relationship between sample recovery and grade is known to exist at this point. 2016 Field Program
		The condition and qualitative estimates of DD sample recovery were determined through visual inspection and measurement of the drilling core runs and recorded at the time of recovery at the drill-rig. A hard copy and digital copy of the sampling log are maintained for data verification.
Logging	 Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	 Core recovery measurements are recorded for every borehole. Where recoveries were found to be less than 95 %, the drill runs were shortened to 1 m, and drilling speed lowered to improve recovery. In some instances (faulting and severe oxidation), core losses were unavoidable. These losses are recorded, and will be applied with circumspection in future modeling.
	The total length and percentage of the relevant	2014 Field Program
	intersections logged.	RC drillchip samples were geologically logged by trained geologists. The drillholes are considered by MUS to be 'scout test drill holes' and were not drilled for the purpose of Mineral Resource estimation.
		Logging of RC drill holes includes recording of lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed. Geological descriptions of the mineral volume abundances and assemblages are semi-quantitative.

Criteria	JORC Code Explanation	MUS Commentary
		The drillholes were logged in full.
		2015 Field Program
		RC drillchip samples were geologically logged by trained geologists.
		The drillholes are considered by MUS to be part of a maiden drill program aimed at identifying shallow graphite mineralisation. Mustang will use the results from this maiden program to prioritise target areas, which will then become the focus of further drillhole definition programs.
		Whilst the aim of this maiden drill program is not to produce a Mineral Resource Estimate. These holes may potentially be used for resource estimation purposes in the future.
		Logging of RC drill holes includes recording of lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed.
		Geological descriptions and estimates of visual graphite percentages on preliminary logs are semi-quantitative.
		All drill holes were logged in full.
		2016 Field Program
		 All holes drilled were logged in full and sampled by the site geologists. All the logged information which includes depth, lithology, mineral assemblage, structural information, Cg mineralization (laboratory data), collar survey and geologists are recorded in the field logging sheets and in digital format. The recovered core is recorded in sequence as digital photographs. All the logged information which includes depth, lithology, mineral

Criteria	JORC Code Explanation	MUS Commentary
Sub-sampling	• If core, whether cut or sawn and whether quarter, half or	assemblage, Cg mineralization (laboratory data), collar survey and geologist are recorded in a strip-log which is generated from the field logging sheets. The analytical samples are in transit to the laboratory for analysis. Umpire samples have been identified and will be dispatched to a third party laboratory. The samples for metallurgy have been identified and are in transit. Metallurgical testing will commence once the chemical laboratory work have been completed. The remaining core which is in storage, is recorded in sequence in digital photograph format.
techniques and sample preparation	 all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	RC samples were collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC chip samples follows industry best practice in sample preparation involving oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice.
	 Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	The majority of samples were dry, with some wet samples at depth in RC002. No field QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected). Due to the early nature of the project, nominal 1m composite sampling was undertaken for this phase of the exploration program. 2015 Field Program
		RC samples are collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC chip samples follows industry best practice in sample preparation involving

Criteria	JORC Code Explanation	MUS Commentary
		oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice.
		The majority of samples were dry, with some wet samples at depth in MORC001 and MORC003.
		Field QC procedures were adopted as follows:
		 Insertion rate for blanks - 5% (1 in 20) Insertion rate for standards - 5% (1 in 20) Insertion rate for duplicates - 5% (1 in 20) Umpire duplicates - 5% (1 in 20) Two CRM (GGC004 and GGC009) were obtained from Geostats Pty Ltd to monitor analysis of laboratory for graphitic carbon, carbon and sulphur.
		1m RC composite sampling has been undertaken for this phase of the exploration program.
		2016 Field Program
		The majority of samples were moist (from the DD process) at recovery, with ambient temperatures sufficiently high to dry the oxidized core before the commencement of sampling.
		Field QC procedures were adopted as follows over and above the laboratory internal controls:
		 Insertion rate for blanks - 5% (1 in 20) Insertion rate for standards - 5% (1 in 20) Insertion rate for duplicates - 5% (1 in 20) Umpire duplicates - 5% (1 in 20)

Criteria	JORC Code Explanation	MUS Commentary
Criteria	JORC Code Explanation	Two Graphite standards (GGC004 and GGC009) were obtained from Geostats Pty Ltd to monitor analysis by the laboratory for graphitic carbon, carbon and sulphur. As far as possible 1m DD composite sampling has been undertaken for this phase of the exploration program. The core is split by saw and half core is submitted for analyses generally as 1 m samples. When a duplicate sample is submitted, the core is quartered. Mineralised samples are submitted for LECO analyses as well as for ICP Multi-element analyses. Within the total samples dispatched a random sequence of 5 % each of standards, blanks and duplicates are included. Sample preparation is done by SGS in Johannesburg, before the prepared samples are analysed for content determination. Sampling procedure include drying, crushing, splitting and pulverizing ensures that 85% of the sample is 75 micron or less in size. A split of the sample is analysed using a LECO analyser to determine carbon in graphite content. The sample procedure standards followed are internal to SGS and are listed below: WGH 79 (Receive Sample Weight), SCR 32 (Sample Screening), CSAOEV (Sulphur by LECO), CSAOEV (Graphitic Carbon by LECO), CSAOEV (Sulphur by LECO), XRF 79V (Trace Element by pressed pellet). QC measures include the submission of duplicate samples (5% of samples), blanks (5% of samples) and standards (5% of samples) over and above the internal controls at SGS. The smallest core sample dimension after cutting is 29 mm. The large category flake size is > 8 mesh or 2.38 mm. The sample size exceeds the target material size comfortably.
		 Sampling for metallurgical testing is complete, and samples are in transit at present. The metallurgical samples consist of quartered core, sampled and bagged generally per metre.

Criteria	JORC Code Explanation	MUS Commentary
Quality of assay data	The nature, quality and appropriateness of the assaying	The metallurgical composites will be batched by the laboratory metallurgists once the results from the initial laboratory work have been received. 2014 Field Program
and laboratory tests	and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Fourteen samples were analysed by SGS Laboratories in South Africa for Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument. In addition, these samples were analysed for multi element content (including V ₂ O ₅) by XRF and underwent petrographic thin section analysis to determine graphitic carbon flake size distribution. Two samples were submitted to Set Point Laboratories for analysis of Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument, and vanadium by SD/ICP. Samples were also subjected to a size fraction distribution analysis. Detection limits for these analyses are considered appropriate for the reported assay grades and adequate for the phase of the exploration program. No geophysical tools were used to determine any element concentrations. No QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected). Both SGS and Set Point carried out sample preparation checks for fineness as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in-house procedures.

Criteria	JORC Code Explanation	MUS Commentary
		2015 Field Program
		A total 235 samples were analysed by SGS Laboratories in South Africa for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the other split held as in storage.
		Detection limits for these analyses are considered appropriate for the reported assay grades and adequate for the phase of the exploration program.
		No geophysical tools were used to determine any element concentrations.
		The assaying and laboratory procedures used are appropriate for the material tested.
		SGS carried out sample preparation checks for fineness as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in-house procedures.
		2016 Field Program
		 All samples are labelled with a unique sequential number with a sample ledger recording all samples. QA/QC samples are included in a random sequence at a frequency of 5 % each for standards, blanks and duplicates. The laboratory uses internal standards in addition to the standards, blanks and duplicates inserted by Mustang. The standards are supplied by an external and independent third
		party. Two standards are to be used for the laboratory test-work; GGC-04 and GGC-09.

Criteria	JORC Code Explanation	MUS Commentary
		 The blanks are made up from non- graphitic rock. The duplicates are a quartered sample of the original halved cores. The detection limits are deemed sufficient for the purpose of future Mineral Resource estimation. The samples will be analysed by SGS, with sample preparation done in Johannesburg. Sampling procedures are listed above and includes drying, crushing, splitting and pulverizing such that 85% of the sample is 75 micron or less in size. A split of the sample will be analysed using a LECO analyser to determine carbon in graphite carbon content. Laboratory test-work is scheduled for the first quarter of 2017, and the Metallurgy test-work will follow on in the second quarter of 2017.
Verification of sampling and assaying	 The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes. No twin holes were drilled. Sample information was recorded at the time of sampling in electronic and hard copy form. Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. Assay data is received from the laboratory in electronic form and compiled into the Company's digital database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA. Assay data was reported as received from the laboratory (refer to MUS ASX announcement dated 10 June 2015). No adjustments or calibrations have been made to any assay data. 2015 Field Program Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes. No twin

Criteria	JORC Code Explanation	MUS Commentary
		time of sampling in electronic and hard copy form. Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA.
		Verification was based on use of duplicates, standards and blanks used. Assay data was reported as received from the laboratory. No adjustments or calibrations have been made to any assay data.
		2016 Field Program
		 The Exploration Manager and field geologists and are in the employment of Mustang, and external oversight is established with the contracting of Sumsare Consulting, a South-African consulting company. Sumsare is supplying an external Competent Person.
		 The twinning of RC boreholes was done by DD in 3 instances as a correlation exercise. MODD004 (for MORC004), MODD007 (for MORC007) and MODD008 (for MORC008). A comparison of the data obtained from these twinned holes will be completed once the latest analytical results are received.
		 The primary data is kept in the company office in Pretoria under the custodianship of the Exploration Manager. The CP has a duplicate dataset at his office in South-Africa, and the company has a dataset in the Australian office.
		 Assay data is not adjusted, and is released to the market as it is received from the laboratory.

Criteria	JORC Code Explanation	MUS Commentary
Location of data points	 Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	2014 Field Program Collar locations and rockchip sample locations were surveyed with a Garmin 62/64 GPS Device. The Garmin devices typically have an error of +/- 7m. No downhole survey measurements were taken. All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South. 2015 Field Program Collar locations were surveyed with a Garmin 62/64s GPS Device. The Garmin devices typically have an error of +/- 7m. All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South. A DTM surface was produced by SkyTEM as part of the recent airborne geophysics program completed by Mustang. 2016 Field Program A hand-held Garmin 62/64s GPS was used to site the drill holes (xy horizontal error of 7 metres) and reported using WGS 84 grid and UTM datum zone 37 south. • The final collar positions will be surveyed using an independent surveyor with a differential GPS instrument. • Topographic control is good due to the SkyTEM survey that was completed during 2015. A DTM surface was produced by SkyTEM as part of the EM geophysics programme. • The borehole dip and azimuth was surveyed at 3 m intervals from the bottom of the borehole with a Reflex EZ-Trac tool.

Criteria	JORC Code Explanation	MUS Commentary
Data spacing and distribution		 Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. The core was oriented with a Reflex Tool. 2014 Field Program Two scout test RC drillholes were drilled in prospecting & exploration licences 6527L and 5873L and three rock chip samples were collected from surface outcrops in licences 4661L and 4662L. Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure. Drillhole collar information is tabulated in Appendix 1. No sample compositing has applied. Samples have been composited to a maximum of One metre dor the RC samples. No sample compositing occurred for the grab sample analysis. 2015 Field Program Eight of the RC drillholes were inclined on average at -74 to 78 degrees. Two of the RC drillholes were drilled vertically. Due to the early stage of the exploration program, there is no nominal
		Due to the early stage of the exploration program, there is no nominal sample spacing. Drillhole collars have been planned to test EM anomalies. Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade continuity

Criteria	JORC Code Explanation	MUS Commentary
		appropriate for the Mineral Resource and Ore Reserve estimation procedure.
		No sample compositing has been applied.
		Samples have been composited to a maximum of 0ne metre dor the RC samples. No sample compositing occurred for the grab sample analysis.
		2016 Field Program
		 The spacing of five of the DD drill-holes was at a grid of approximately 150 m, while the remaining two DD drilled holes was spaced at an infinite grid. All seven of the DD drill-holes were inclined on average at between -52° to 60°. The collar details are tabulated in Appendix 1. Sample compositing for the DD programme has not been applied.
Orientation of data in	Whether the orientation of sampling achieves unbiased	2014 Field Program
relation to geological structure	sampling of possible structures and the extent to which this is known, considering the deposit type.	RC drillholes were inclined at -60 ° orientated on a bearing of 120° (measured clockwise with North at 0°).
	• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported	The orientation of the RC holes was designed based on regional geology interpretations and designed to test the broad stratigraphy.
	if material.	No sampling bias is considered to have been introduced.
		2015 Field Program
		The orientation of the RC holes were designed based on regional geology interpretations and designed to test the broad stratigraphy. The collar details are tabulated in Appendix 1.

Criteria	JORC Code Explanation	MUS Commentary
		No sampling bias is considered to have been introduced at this early stage of the project.
		2016 Field Program
		 The orientation of the DD holes were planned based on the regional geology interpretation and planned to test the broad stratigraphy. The collar details are tabulated in Appendix 1. No sampling bias is considered to have been introduced at this early stage of the project. From the previous surface mapping of the area, the regional foliation dips at steep angles of between 50 and 70 degrees to the west. The drilling was hence planned at an inclined orientation of 55° from the horizontal in an easterly direction across strike. From prior experience, drilling at angles shallower than 55° is usually problematic. The SkyTEM EM data was used to fix a strike direction. The borehole dip and azimuth was surveyed at 3 m intervals from the bottom of the borehole with a Reflex EZ-Trac tool. Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. The core was oriented with a Reflex Tool. The structural analysis is in progress. So far an association between structure and Cg grade has not been established, but hinge zones are suspected to improve Cg grades, and potentially
Sample security	The measures taken to ensure sample security.	flake sizes. 2014 Field Program
		 Samples were kept in a locked room after collection, and shipped in sealed containers by Mustang to SGS and Set Point Laboratories in South Africa. Sample residue was retained by SGS and Set Point for safekeeping until further analysis is needed.

Criteria	JORC Code Explanation	MUS Commentary
		 Samples were stored at the company's field base in a locked and sealed shipping container until it was dispatched to the laboratory in Johannesburg. Samples were transported in sealed containers by road to South Africa for analysis. The sample export procedure as required by the Mozambican government was followed, and the samples were delivered to SGS in Johannesburg for analysis. No signs of tampering were reported by the laboratory upon sample receipt. 2016 Field Program Samples are stored at the company's field base until dispatched to the laboratory. Samples will be transported in sealed containers by road, to South Africa for analysis. The sample export procedure as required by the Mozambican government is being followed, and the samples are to be delivered to SGS in Johannesburg for analysis. The sample logistics between Mozambique and South-Africa are handled in-house by Mustang. Any signs of tampering will be reported by the laboratory upon sample receipt. The remaining core is kept in a safe facility under guard at the site office in Montepuez in Mozambique.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No external audits have been undertaken up to this stage of work.

Section 2 reporting of exploration results

Criteria	Explanation	MUS Commentary
Mineral tenement and land tenure status	 Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	Mustang's Balama Graphite Project area consists of 6 prospecting & exploration licences covering a total area of 666.64 km². Mustang has acquired rights to earn majority interests in these licences by acquiring all of the issued capital of Balama Resources Pty Ltd under an agreement with Balama Resources Pty Ltd. Refer to ASX announcement dated 20 October 2014 for full details regarding ownership and earn-in rights. All statutory requirements were acquired prior to exploration work. All licences have been awarded and issued The Company is not aware of any impediments relating to the licences or the area.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No prior exploration work done by other parties on the licence areas except for the 1:250,000 geological maps generated by the Government of Mozambique and country wide airborne magnetics and radiometric geophysical surveys flown over the region by the Government of Mozambique.
Geology	Deposit type, geological setting and style of mineralisation.	The area is predominantly underlain by Proterozoic rocks that form a number of gneiss complexes that range from Palaeo to Neoproterozoic in age (Boyd et al., 20 10). The Mustang project area is underlain by metamorphic rocks of the Neoproterozoic Lurio Group within the Xixano Complex (Brice, 2012) in north-eastern Mozambique. The Xixano complex is composed dominantly of mafic to intermediate orthogneiss with intercalations of paragneiss, meta-arkose, quartzite, tremolite-rich marble and graphitic schist. Graphite rich units are comprised of sequences of metamorphosed carbonaceous pelitic and psammitic (sandstone) sediments within the Proterozoic Mozambique Belt (Brice, 2012). The metamorphic grade is typically of amphibolite facies.

Criteria	Explanation	MUS Commentary
Drill hole Information	 A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	Two RC holes were drilled in late 2014 as part of a scout drilling program. Refer to ASX announcement dated 10 June 2015 for further information and results. Ten RC holes were drilled in late 2015 as part of an EM survey verification drilling program. Refer to ASX announcement dated 10 June 2015 for further information and results. Seven DD boreholes were drilled between October and November of 2016. These holes were drilled to draw a comparison with some of the RC holes drilled during 2015, and to collect data for an initial JORC (2012) compliant resource statement. Information pertaining to drilling completed to date is provided in Appendix 1 and Appendix 2.

Criteria	Explanation	MUS Commentary
Data aggregation methods	 In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	No weighting averaging techniques, grade truncations or cut-off grades have been applied.
Relationship between mineralisation widths and intercept lengths	 These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	No relationship between mineralisation widths and intercept lengths is known at this stage. Assay grades have been reported and tabulated by sample interval for the 2014 drill program and are reported in ASX announcement dated 10 June 2015. Assay grades have been reported and tabulated by sample interval for the 2015 drill program and are reported in ASX announcement dated 10 June 2015. The cored DD programme for 2016 has been completed with structural data collected from orientated core intersections. The structural analysis will be completed as part of the technical report that accompanies the resource statement. Analytical results will be released as soon as the laboratory and metallurgical testwork is completed. The laboratory and metallurgy work is expected to be completed during the 1st and 2nd quarters of 2017.

Criteria	Explanation	MUS Commentary
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Appropriate plans and maps are included in the body of the announcement.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	The report is considered to be balanced. The 2014 drilling and rock-chip sampling results have been reported in ASX announcement dated 10 June 2015. The 2015 drilling and sampling results have been reported in the ASX announcement dated 10 June 2015. The 2016 drilling and sampling results will be reported in due course, as the results become available. An extended lead time is expected from the laboratories due to the metallurgical compositing that will follow on from the chemical analyses.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Regional geological mapping and regional airborne geophysics (magnetics and radiometrics) have been obtained from the Mozambican Government. In addition Mustang flew airborne geophysics survey (SkyTEM) across 6 of its tenements. The geophysics datasets were used to aid in interpretations and plan the 2015 and 2016 drill-hole programmes' collar locations.

Criteria	Explanation	MUS Commentary
Further work	 The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	Prospecting Licences 5873L and 6678L have been identified for future drilling. Results will be announced as they become available.