



ANNOUNCEMENT

9 December 2016

MUSTANG RUBY & GRAPHITE PROJECTS UPDATE

Mustang Resources Limited ("**Mustang**" or "**Company**") (**ASX:MUS**) is pleased to provide an update concerning the progress being made at its flagship Montepuez Ruby Project, as well as recent developments on its Balama Graphite Project.

Montepuez Ruby Project

- Bulk Sampling Mining Plant successfully moved to new location adjacent to the Alpha-Deposit & major underground water resources
- Plant commissioning well advanced with production re-commencing shortly
- Ability now to ramp up production to 350m³ per day (525tpd) per shift; working towards 2nd shift implementation in Q1-2017
- Focused on achieving 1st ruby sales in H1-2017
- Aggressive auger drilling program to start in January 2017 targeting maiden JORC Resource as soon as possible thereafter subject to bulk sample variability

Balama Graphite Project

- 596m of diamond drilling completed at its Balama Graphite Project, Mozambique
- Drilling focused on Caula-Project (6678L; 80% interest) located in a closed anticline hinge
- Drilling to delineate graphite JORC Resource (H2-2017) with graphite mineralisation identified along strike from world-class development projects
- Metallurgical testing results & process flowsheet expected in Q2-2017
- Previous drilling intersected high-grade intersections in 8 RC holes drilled over extensive SkyTEM anomalies, with intersections of up to 22% TGC

Commenting on the developments on Montepuez and Balama, Mustang's Managing Director Christiaan Jordaan said: "We remain committed & fully focused on advancing our flagship Montepuez Ruby Project in Mozambique as we continue to rapidly fast-track its development. The Montepuez Ruby Project has produced excellent results in the year to date with 1st ruby sales targeted for H1-2017 and a maiden JORC Resource by H2-2017."

Furthermore, we are highly encouraged by the excellent results at Balama to date. We are very excited by the potential to unlock considerable value from our graphite assets in H2-2017 through the delineation of a JORC 2012 compliant Resource estimate and completion of metallurgical test work."

COMPANY INFORMATION

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

Current Shares on Issue:
323,749,913
Market Capitalisation
\$8.4 M as at 9 December 2016

COMPANY DIRECTORS

Ian Daymond: Chairman
Christiaan Jordaan: Managing Director
Cobus van Wyk: Director

CURRENT PROJECTS

Rubies
-Montepuez Ruby Project

Graphite
-Balama Graphite Project

Twitter: @Mustang_Res
www.mustangresources.com.au

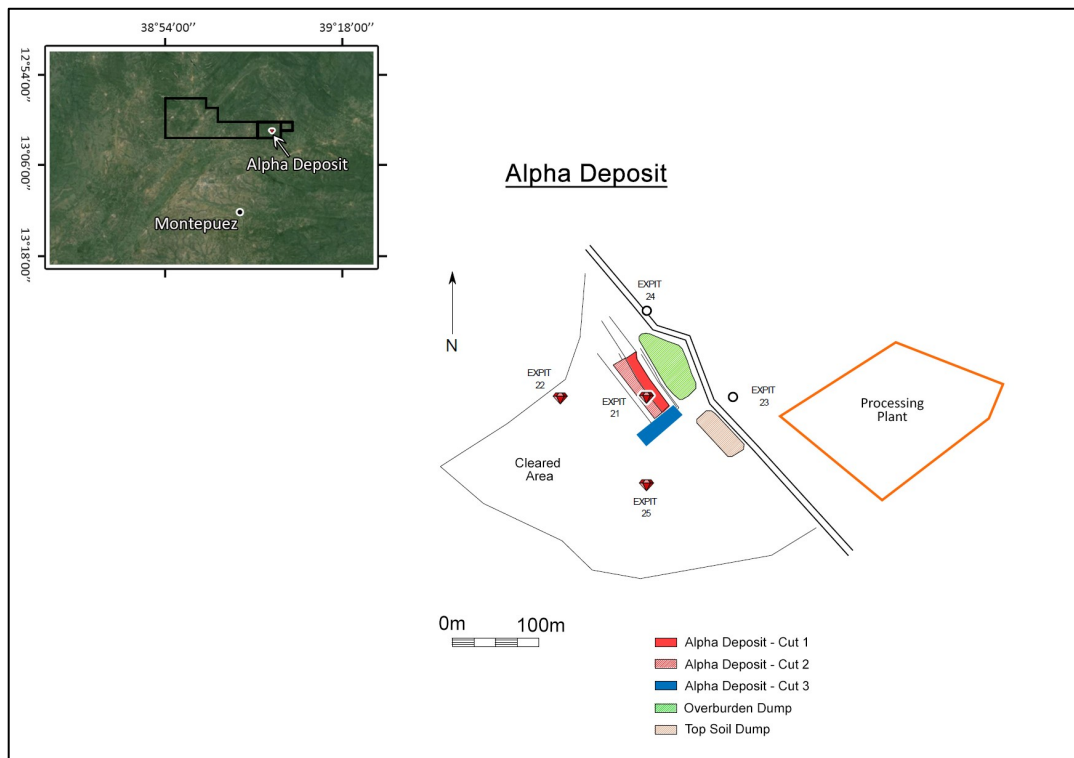


Figure 1. Map of Alpha Ruby deposit & new plant location adjacent to the pit



Figure 2. Ruby Processing Plant being installed at new site November 2016



Figure 3. Diamond Drilling at Balama Graphite Project November 2016



Figure 4. Graphite sample from License 6678L. (i.) Box 22 from 90.20m bottom left to 94m top right; (ii.) graphite at 93m looking down the core; (iii.) quartered graphitic schist at 93m to 93.54m

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 (GEM:LN) 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

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 the Montepuez Ruby Project's Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Allan, 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 Allan is an independent consultant who was engaged by the company to undertake this work. Mr Allan 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, Mineral Resources and Ore Reserves. Mr. Allan consents to the inclusion of the data in the form and context in which it appears.

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 of Sumsare Consulting, Witbank, South Africa who 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.