

An Emerging Gemstone Miner in Mozambique



ASX: MUS

Investor Presentation, North-American Roadshow, March 2017
Christiaan Jordaan, Managing Director

Overview: Mustang Poised For Rapid Growth



- Market Cap ~A\$41M - one of only 2 listed ruby miners in the world
- Flagship Montepuez Project located next to London-listed Gemfields Plc. (AIM:GEM Market cap: A\$433m)
- Multiple ruby deposits identified in 195sqkm land package
- Aggressive drilling campaign to build inventory & JORC Resource in H2 2017
- Throughput rates now ramping up to three times previous rate following successful plant relocation
- First commercial parcel of rubies totalling 6,221cts sent to USA in January 2017
 - Aim to establish market values and customer relationships
- Mustang on track for first sales revenue in Q2 2017
- Agreement to acquire a 65% interest in adjacent ruby licence where artisanals are mining gem-quality rubies from a shallow deposit 3km SE from existing plant
- Additional upside from Balama Graphite Project, located in world-class graphite province



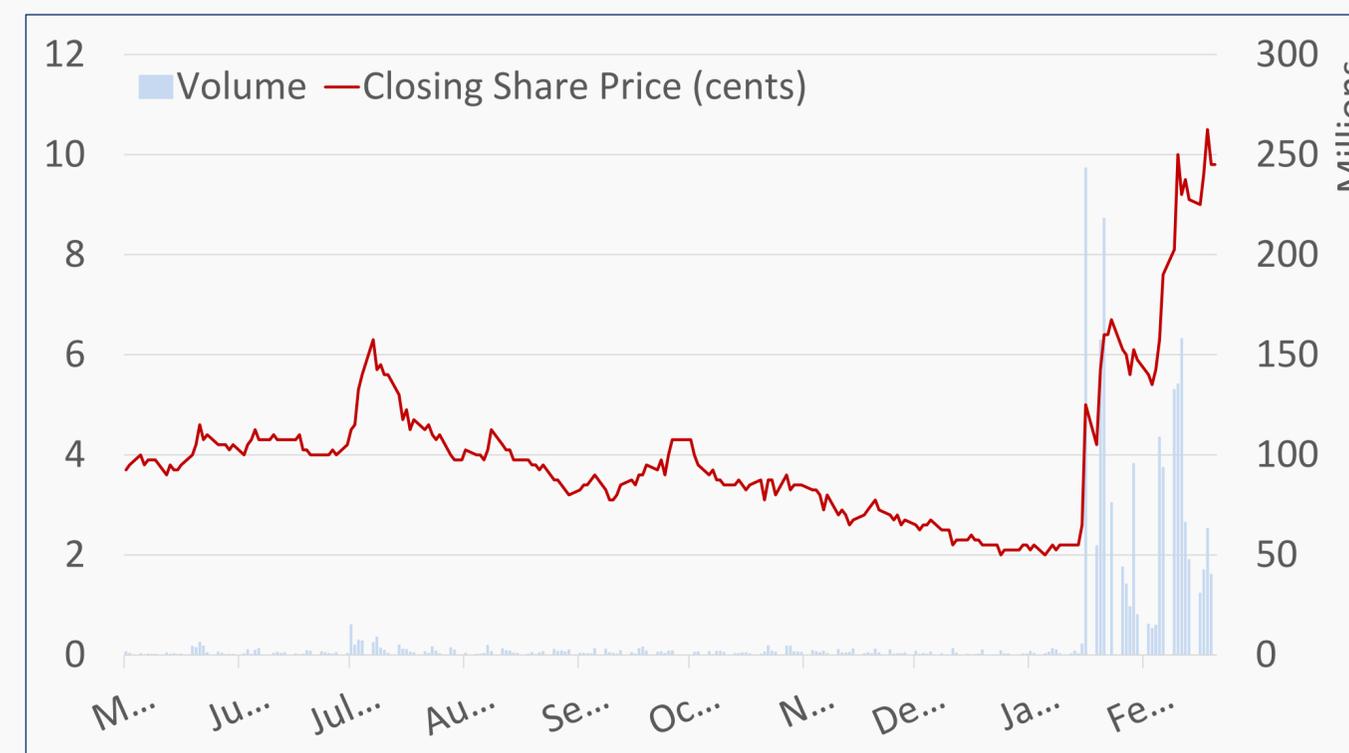
Mustang Corporate Overview



MUSTANG RESOURCES LTD	
ASX Code	MUS
Shares on Issue	457,149,921
Unquoted Performance Rights*	14,000,000
Options# (Weighted Average Exercise Price 10.7 cents)	154,819,173
Share Price (as at 28 February 2017)	A\$0.089
Average Daily Trading Volume (30 day @ 27 Feb 2017)	25,973,690
Market Capitalisation	A\$40.7 million

TOP 5 LARGEST SHAREHOLDERS [^]	
Regius Resources Group Ltd, Mr. C van Wyk & Mr. C Jordaan	6.5%
Andium Pty Ltd	5.2%
Citicorp Nominees Pty Limited	2.9%
ABN Amro Clearing Sydney Nominees Pty Ltd	2.3%
BNP Paribas Nominees Pty Ltd	1.9%

[^] Prior to completion of the recently announced 5.88 million capital raising and the acquisition of licence 8245L



Directors: I. Daymond (Chairman), C. Jordaan (Managing Director), C. van Wyk (Non. Exec)

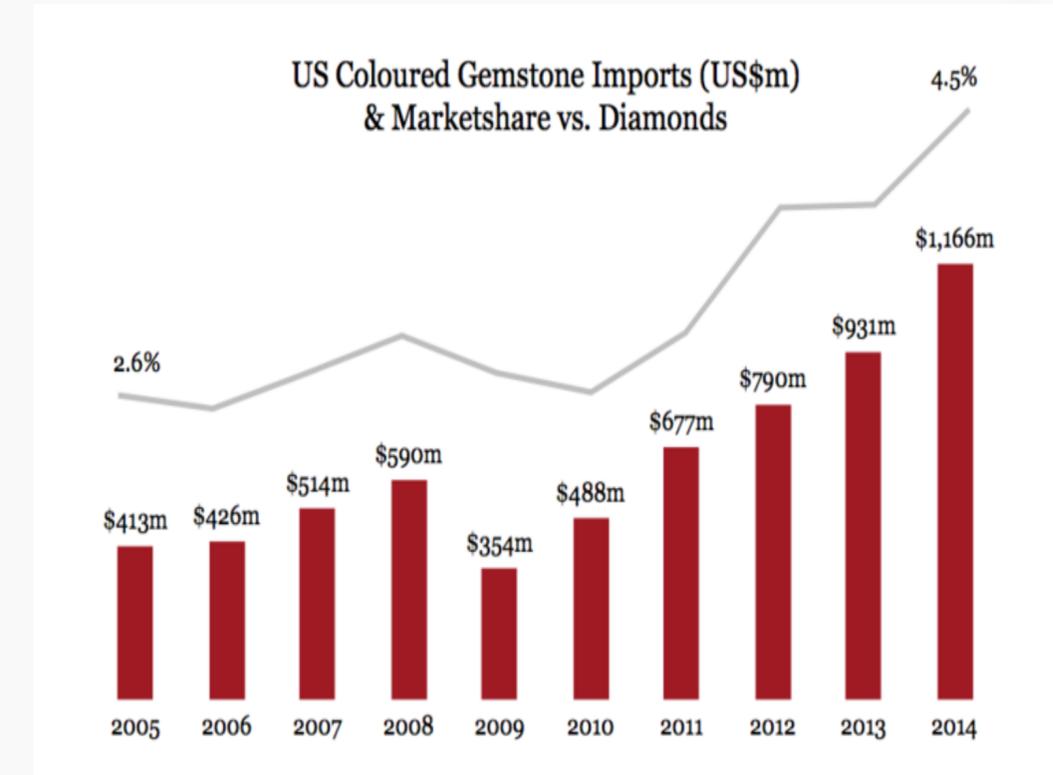
Note Major Option Classes: 40mil 25cent options expiring 30/06/17; 66.7million 3.5cent Listed Options expiring 25/01/2020; 19mil 7.5cent options expiring 21/06/2019

*Class E Performance Rights in favour of vendors of Balama Graphite Project. Vest upon proving a 50Mt JORC Compliant Inferred & Indicated Resource @ >5% TGC on any of the graphite licences held by Balama.

Tapping into a US\$2b a year market



- Rubies are the most expensive gemstone after diamonds - with fine rubies +5cts extremely rare
- Before the 2009 discovery of the Montepuez field in Mozambique, supply was highly fragmented and unreliable (Myanmar, Afghanistan, Madagascar)
- Consistency of supply from Montepuez provides opportunity for rapid growth in ruby market size
- Global polished ruby market size estimated at US\$2billion p.a (2014) – total coloured gemstone market (ruby, sapphire & emerald) estimated at US\$5.9 billion p.a (2015)
- Consumer demand has caused prices of rubies to increase 63% over past 8 years **
- Market size continues to grow:
 - Coloured gemstone market grew 13% in 2015 period while diamonds decreased 17% from US\$84billion to US\$70billion*
 - Strong demand from US, Europe, India, Thailand and China
- US\$1.2billion imports of coloured gemstones into US market (4.5% of diamond market) #
- Mustang market engagement in the USA has confirmed unmet demand for ethically-mined, mine to market rubies



The 'Graff' Ruby

Carats: 8.62

Sale Price: US\$8,372,094



The 'Sunrise' Ruby

Carats: 25.59

Sale Price: US\$30,420,000

* Source: Gemfields Annual Report
 ** Source: Gemval Relative Value Index.
 # Source: Global Mining Observer, Issue 131 July 2015

Montepuez – A World-Class Gem Field



- The Montepuez region in Mozambique is ideally positioned to rapidly secure a substantial share of the lucrative global ruby market
- Commercial potential highlighted by Gemfields' success in generating US\$225m in ruby sales up to Dec 2016 (all during the exploration period)
- Montepuez gaining global prominence as the supply of equivalent quality rubies from Burma (Mogok) is very scarce
 - 5ct Unheated “Extra-Fine” Mozambique rubies selling for >US\$40,000 per carat in the USA (wholesale) with quality that matches Burmese ‘Pigeon-Blood’ rubies
- Montepuez produces a wide variety of qualities for each of the different market segments
- The Montepuez ruby field is very extensive – potential to deliver long term, consistent ruby supply
- Montepuez ruby deposits are typically <15m from surface, free-digging and simple to process with good in-situ grades
 - Formula for low-cost, high-margin mining operations



A world-class ruby deposit, brought to global prominence by our neighbour, Gemfields (AIM:GEM)

Management & Exploration Team



Christiaan Jordaan, Managing Director

- Former CEO and co-founder of Mozambican-focused exploration company Regius Resources Group
- Regius holds 6.5% of Mustang and 20% direct interest in Montepuez Minerals, the HoldCo of the three ruby assets
- Extensive experience managing mining and energy projects in Mozambique
- Member of AICD, holds Commercial Law Degree, former Director of financial services group in SA



Cobus van Wyk, Operations Director

- CEO and co-founder of the Regius Group of companies
- Holds Bachelor of Marketing (Tshwane University of Technology) and MBA (University of Wales)
- Former senior executive in financial industry and capital markets, working at the Johannesburg Stock Exchange and Bankcorp South Africa
- Qualified portfolio manager and stockbroker, more than 23 years' experience in financial services
- 12 years' experience in mining and exploration in Mozambique



Paul Allan, Independent Consulting Geologist

- Over 25 years' experience in multi-commodity geology (predominantly precious stones evaluation)
- Former Project Geologist for Gemfields PLC, where he played a key role in the initial development of the Montepuez Ruby Project
- Former Regional Exploration Manager for SouthernEra, Senior Project Geologist for Firestone Diamonds
- Initial experience with Anglo American Research Laboratory (De Beers) in kimberlite mineral chemistry and petrography



- Expatriate mining team (7); lead by Mr. Gerhard Burger >100 years collective hands-on experience of African gemstone mining operations with technical support from Mr. Paulo Cintra, a Portuguese industrial & mining engineer with 20 years' experience



- Geology field team led by Ms. Sara Turnbull (Msc.) with support from Mr. Paul Allan & local Mozambican geologists



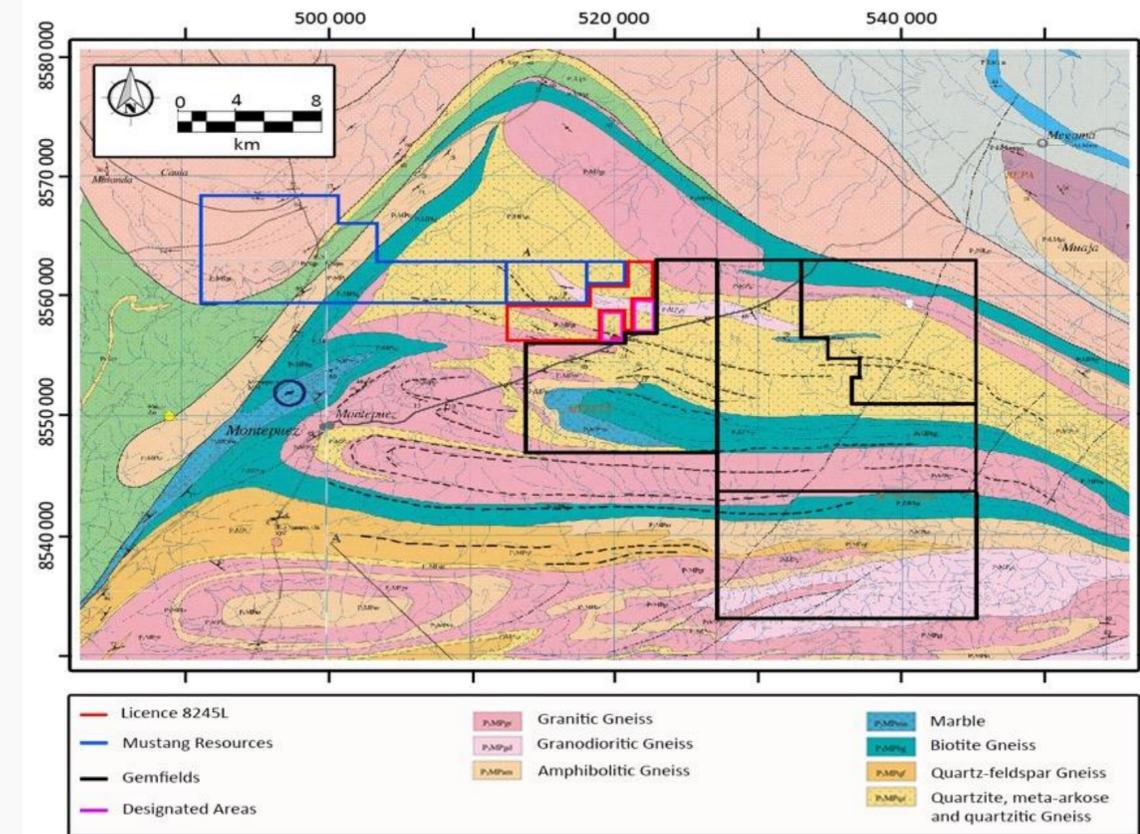
- Logistics & operational support provided by Ms. Graca Calheiros & Mr. Helmer Manjate with >70 years collective Mozambican business experience



Montepuez Regional Geology



- **Located within the Montepuez Complex** which is part of the Mozambique Belt – a unique geological occurrence
- **Extensive ruby mineralisation** is present immediately **to the SE** of the Mustang licences close to the village of Namahaka
- Mustang licences lie along the **established NW-SE ruby mineralisation trend** which also transects the Gemfields’ licences
- **Primary ruby mineralisation in the amphibolite** which is considered to have supplied the source of chromium responsible for the rubies’ red colourisation
- **Primary mineralisation in the Montepuez area grades up to 300ct/ton***
- **Secondary ruby deposits;** initial deposition within one or more **major flooding events** + redistribution of the rubies by alluvial processes (e.g. braided river system)
- **The average gem quality of the secondary rubies is typically much higher than those contained within the primary amphibolite**
- **Secondary mineralisation grades: 0.11 - 5ct/ton ***
- **Mustang currently mines only secondary deposits as sources of higher % gem quality ruby**

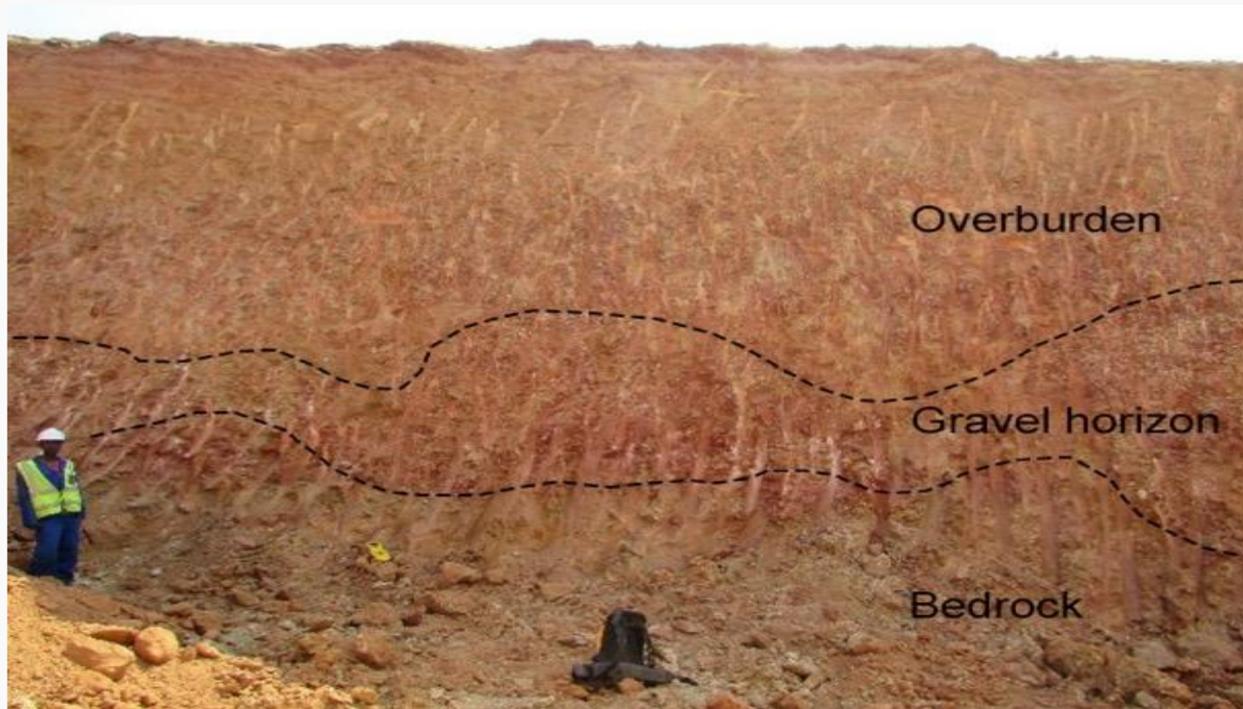


**In this context Primary mineralization refers to the Gemfields “Maninge-Nice” deposit & Secondary mineralisation to the Gemfields “Mugloto” deposit within the Gemfields concession area/project. Source: SRK Report, June 2015.*

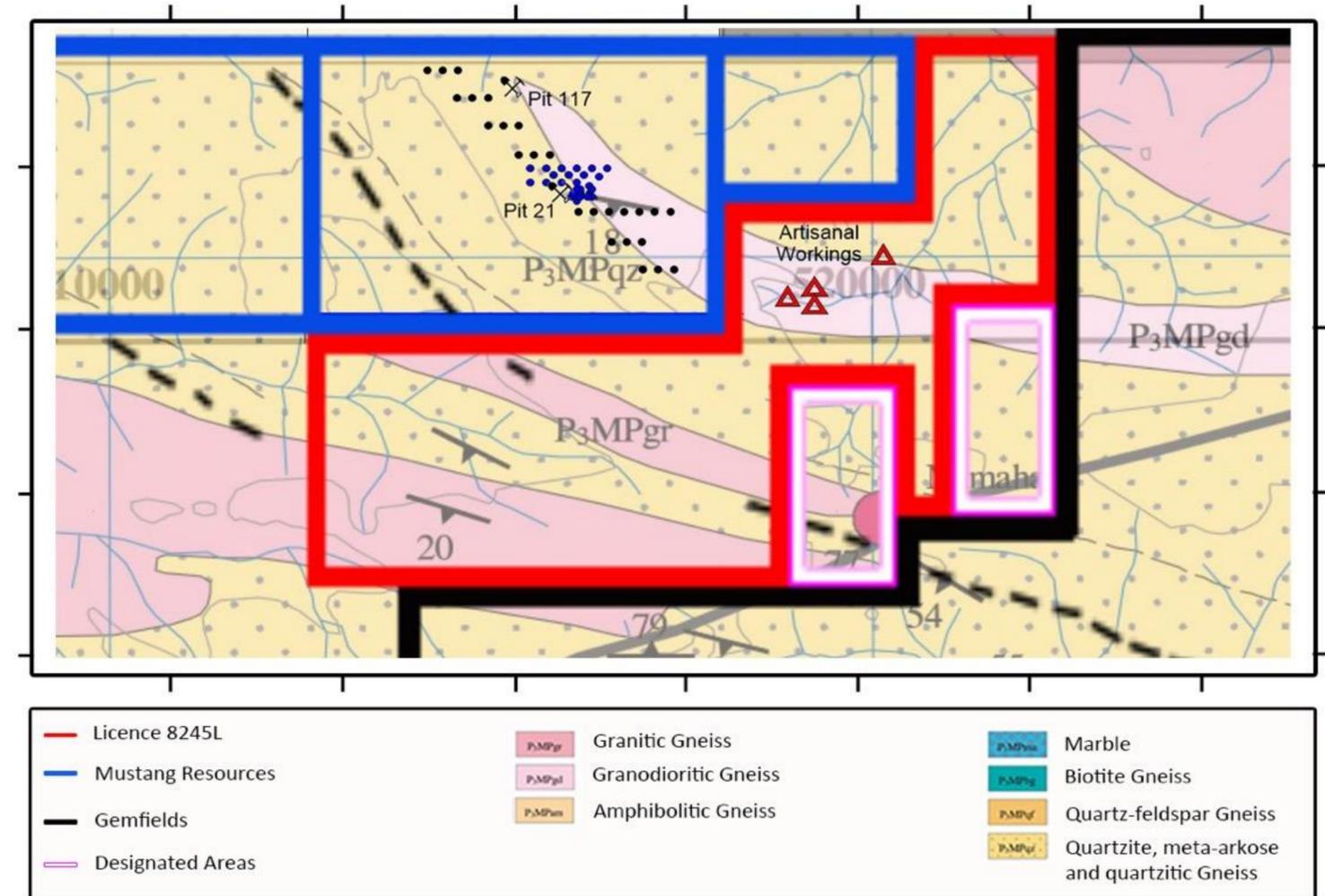
Montepuez Ruby Project – Geology



- Mustang ruby deposits have a soft soil cover of approximately 2 to 10 metres overlaid by a gravel layer (found in clay rich soil) which sits above the weathered bedrock
 - Gravel 1.8m average thickness in Alpha Deposit (Photo below) but pinches & swells
- Colluvial style deposits which remain open in all directions; **auger drilling program underway** to delineate full extent of ruby mineralisation
- Work to date shows all the characteristics of **multiple** commercial (high grade and high quality) ruby deposits at Montepuez



Stratigraphy of Alpha-Pit (licence 4143L)



New licence 8245L artisanal activity and planned drilling program

Montepuez Ruby Project – Early Success



- **STRATEGY:** Systematically build a resource base whilst generating significant revenue
 - Auger drilling + bulk sample + initial sales = JORC Resource (H2-2017)
- Plant commissioning completed in January 2017, relocated in late 2016
- 15,585 m³ of ruby-bearing gravel from Alpha deposit mined and trucked to plant
- 7,290.50 m³ processed resulting in the recovery of 1,638.76cts of high quality ruby
- Additional 13,314cts of ruby & corundum received from field prospecting teams – opening up exciting new areas. **14,952cts total current inventory**
- Further mining optimisation is ongoing & additional shifts to be implemented
- First commercial parcel of rubies & corundum totalling 6,221cts dispatched to US service providers and customers
- Parcel includes 5 special stones (75cts total weight), including two rare 24-ct rubies, none of which require treatment
- First sales revenue expected to be recorded in Q2-2017



Montepuez Ruby Project – New licence Acquisition



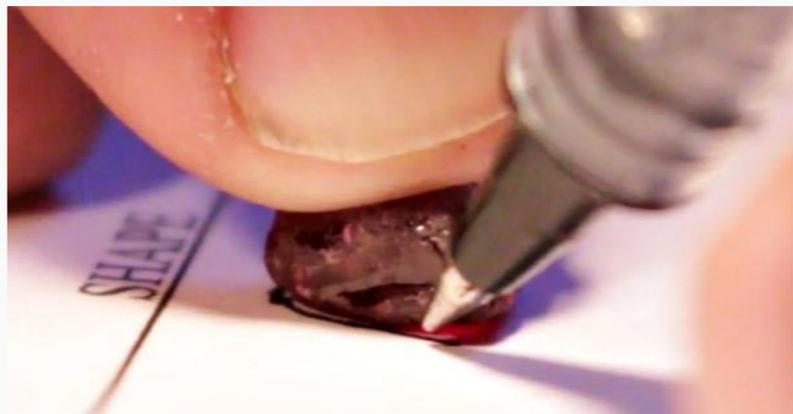
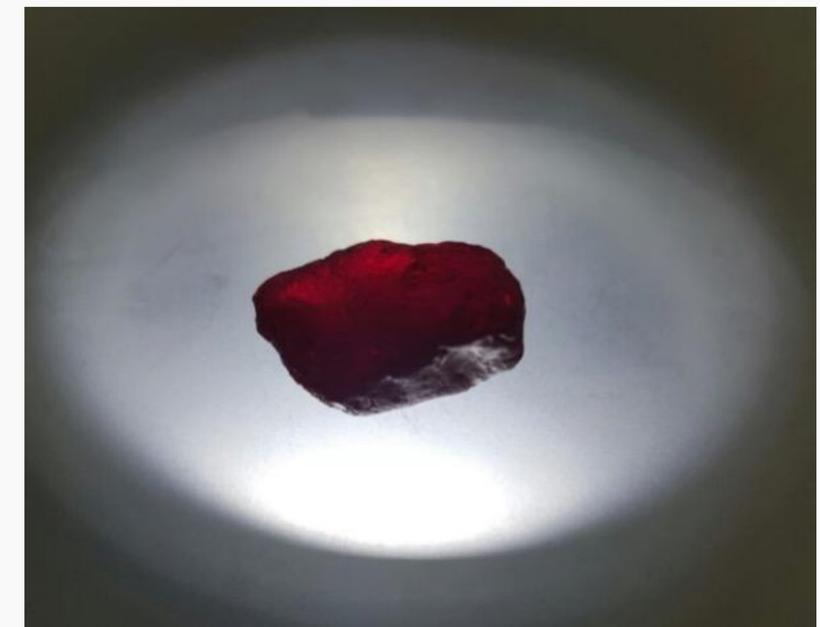
- Mustang has agreed to acquire a 65% stake in a highly strategic ruby licence bordering the Montepuez Ruby Project
- The 3500ha licence sits between the Montepuez Ruby Project and a key secondary deposit being mined by Gemfields
- Site visit by Paul Allan (chief consulting Geologist) confirms artisanal miners currently recovering large gem-quality rubies from the area covered by the new licence
- Mustang will issue 30m shares (escrowed for 24 months) and pay US\$100,000 cash as consideration for the 65% interest in the licence
- Mustang will fast-track prospecting from this new area to complement the growing bulk sampling program at Montepuez
- Heavily oversubscribed placement to a select group of new and existing institutions and sophisticated investors to raise \$5.88 million
 - Funds accelerated development program including expansion of auger drilling and bulk sampling programs



Montepuez Ruby Project – Special Stones



- 5 Special Stones (75cts total) included in 1st commercial parcel of 6,221cts delivered in the USA + 2 further special stones announced in mid February 2017
- Includes 2x rare 24ct rubies + 1x 13ct & 1x 11ct
- None of the 'Special Stones' require heat treatment & will be cut by renowned cutter Meg Berry during February 2017
- Following GIA certification the Mustang special stones will be sold to high end jewellers (Expected in March/April 2017); strong US lead interest
- Current asking prices in the US for unenhanced (untreated) Mozambique rubies between 4.00 and 4.99cts is US\$18,425/ct (Lower Fine) to US\$42,000 (Upper Extra Fine)*
- Rarity of high-end stones >5ct means prices are negotiated between buyer and seller



Source: Gemguide, Jan 2017 Wholesale Asking prices for US market

Montepuez Ruby Project – Milestones

- Implementation of 2nd shift; doubling throughput to ~1,000tpd
- Auger drilling campaign to confirm extensions of Alpha deposit & build resource inventory
- Strategic sales and marketing agreements AND 1st ruby sales
- Maiden JORC Resource & Feasibility Study
- Full scale (long life) mining (>300 tph processing plant)

February 2017

Jan - Dec 2017

H1 2017

H2 2017

H1 2018



WORK PROGRAM – KEY CATALYSTS

2017

Summary: Key Investment Takeaways



MUSTANG
— RESOURCES LTD —

- Premier ruby project in a world-class gemstone province
- Management team with in country experience & “skin in the game”
- First sales revenue expected Q2 2017, plus maiden JORC resource in H2 2017
- Outstanding exploration upside and growth potential
- Acquiring adjacent licence where local miners are recovering large gem-quality stones from a shallow deposit, complementary to growing bulk sampling program
- Heavily oversubscribed February placement to a select group of new and existing institutions and sophisticated investors to raise \$5.88 million
- Additional upside from low cost graphite project in world-class district

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Information in this report that relates to the Montepuez Ruby Project's Exploration Targets, Exploration Results, Mineral Resources and 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 the Balama Graphite Project's 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.

Appendix 1: Tenement Overview



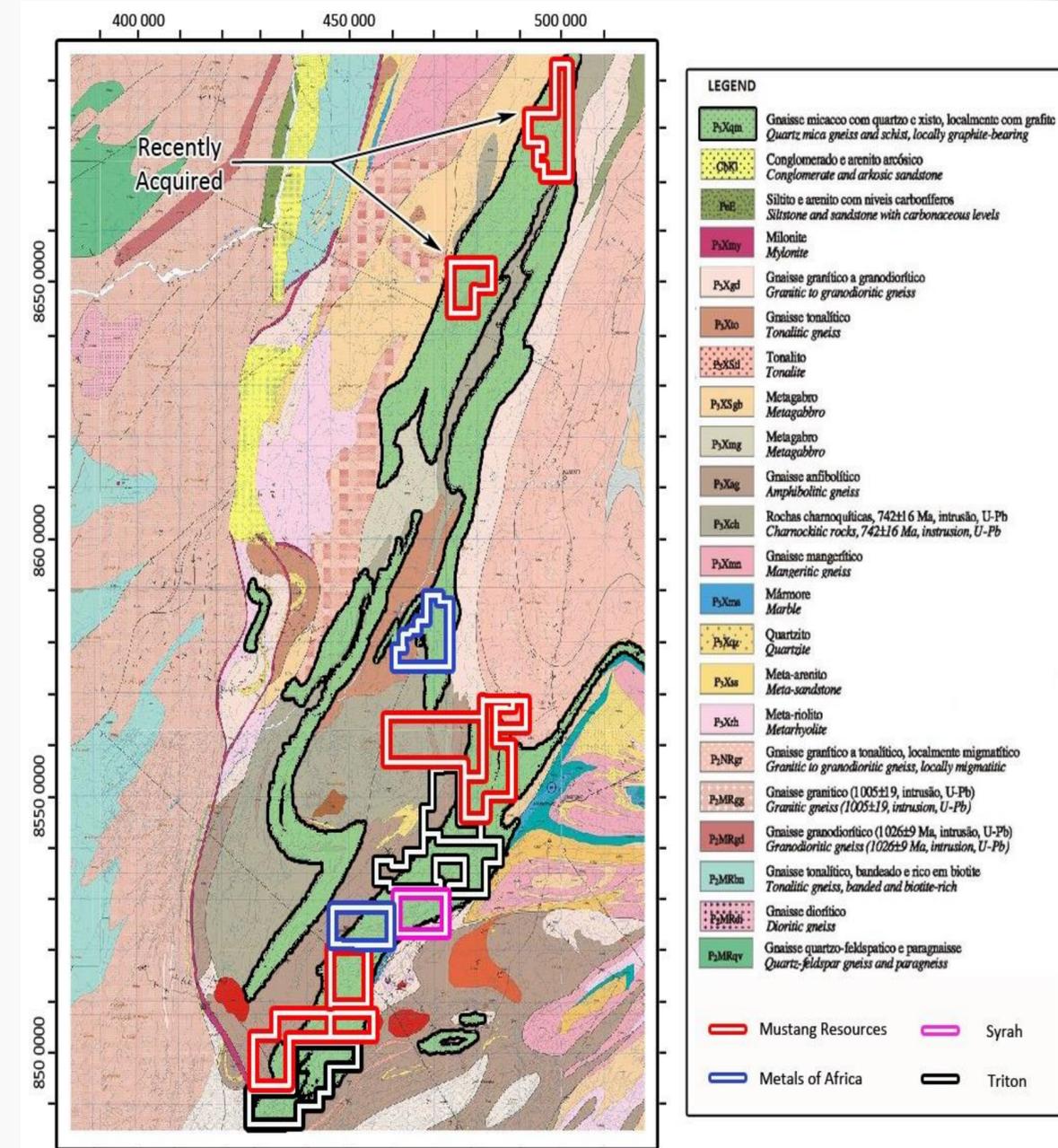
licence No.	Area (km ²)	Commodity	Issue Date	Valid Until	Interest/Right to Earn Interest
8245L	35.0	Rubies	16-12-2016	16-12-2021	65%**
4143L	19.2	Rubies	14-12-2011	14-12-2016 #	60%
4258L	4.8	Rubies	21-07-2011	21-07-2019	52.5% to 60%
5030L	134	Rubies	03-09-2013	03-09-2018	52.5%
4661L	147.5	Graphite	11-09-2013	11-09-2018	60%
4662L	94.8	Graphite	01-10-2012	01-10-2017	60%
5873L*	137.8	Graphite	17-11-2014	17-11-2019	60% to 75%*
6636L	45.7	Graphite	16-07-2014	16-07-2019	75%
6678L	31.9	Graphite	18-03-2014	18-03-2019	80%
6363L	75.79	Graphite	18-11-2015	18-11-2020	90%
7560L	127.92	Graphite	21-06-2016	21-06-2021	95%

** Acquisition of 65% interest in licence 8245L announced on 28 Feb 2017; transaction not closed yet please refer to announcement for full details. # licence extension application submitted and letter of comfort from Ministry of Mines received that extension to 14-12-2019 will be granted. * Previous agreement cancelled and new agreement in final stage of negotiation. Note: licence 5030L contingent acquisition payments to local partner of US\$750,000 6 months after bulk sampling startup and US\$750,000 12 months after bulk sampling startup. Contingent on licence being transferred to Mozambican SPV (In process). As of 01/17 Bulk Sample on 5030L not yet started. Mustang has a call option to acquire additional 10% in 4258L SPV upon successful conclusion of the bulk sampling program for US\$1million

Balama Graphite Project – Overview



- licences located along strike from world-class **Syrah Resources (ASX: SYR)** and **Battery Minerals (ASX:BAT)** deposits
- Exploration program confirmed wide, high grade intervals of up to **22% Total Graphitic Carbon (TGC)**
 - licence 6678L: **67m wide high grade graphite zone** with 23 samples above **15% TGC**, including intervals @ **22% TGC** and **20.7% TGC**
 - licence 4661L : **74m high grade graphite zone**, including intervals @ **16.5% TGC** and **18.8% TGC**
- Focusing JORC Resource definition work on licence 6678L (MUS 80% interest)
 - Local partner (20%) carried only until end of exploration program
- Extensive metallurgical testing & product optimisation underway
- Field assessment has highlighted the potential of large flake sizes
- **Diamond drilling program completed in Dec 2016**

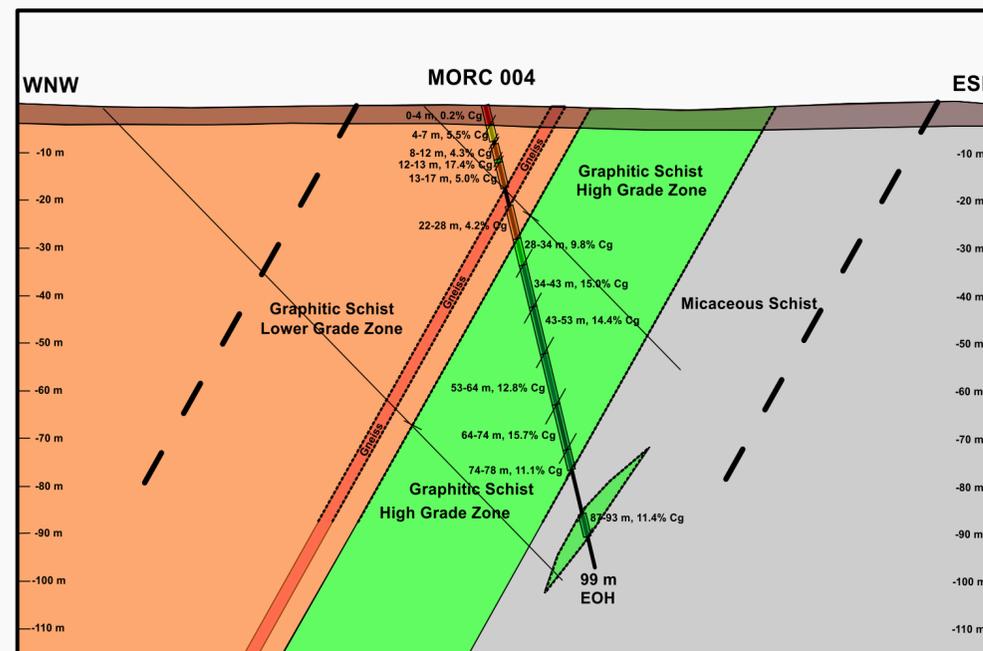


Balama Graphite Project

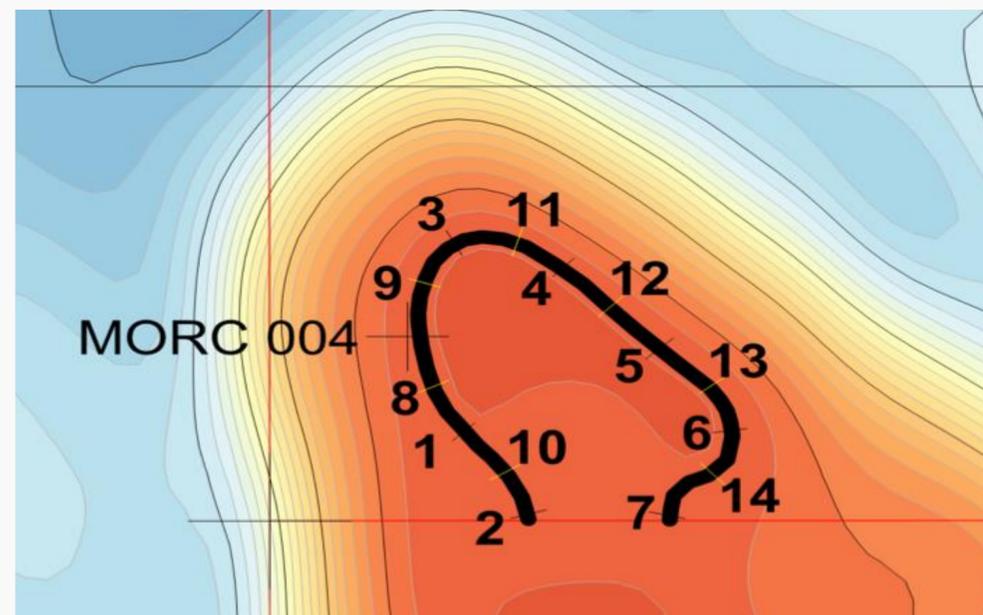
Targeting a High Grade Graphite Resource



- Diamond drilling at Balama Graphite Project completed in December 2016
- Maiden JORC resource on 6678L by Q2 2017
- licence 6678L (MORC-004): **Exploration Target of 18.66 Mt** (at an average grade of **13.6% C_g**) to **29.84Mt** (at an average grade of 9.7% C_g)*
 - 1120m program: 14 drill holes (RC & Core) + assays over 2-3 months
 - Exploration Target based on SkyTEM survey & RC drilling
- **Refer to ASX Announcement Dated 27 June 2016 & supplementary announcement dated 18 July 2016 for full details**



Graphite licence 6678L, Drill hole MORC-004 & position of 14 planned drill holes for targeted maiden JORC Resource

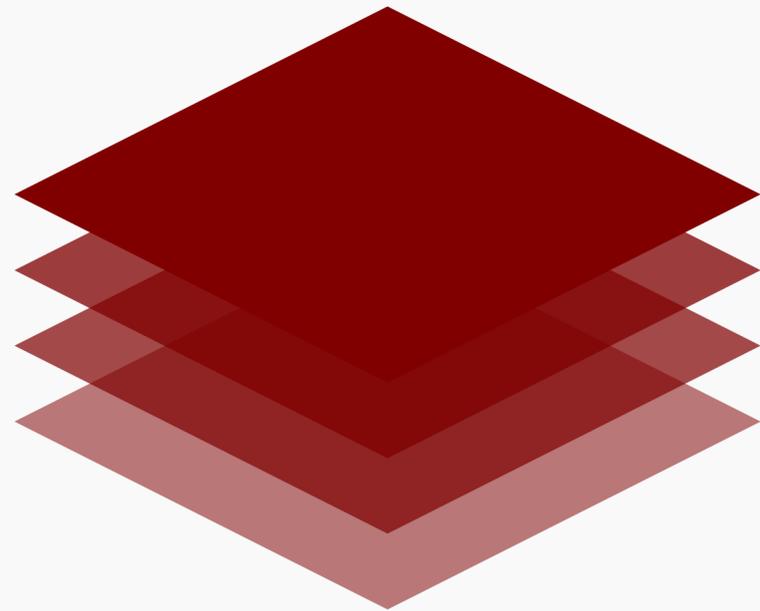


*The potential quantity and grade is conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Company is not aware of any new information or data that materially affects the information included in this market announcement and, in the case of estimates of *mineral resources or *ore reserves, The Company confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (dated 27 June 2016) continue to apply and have not materially changed. Please refer to the Disclaimers slide for further important information on forward looking statements

Contact Details



Managing Director – Christiaan Jordaan



D: +61 (0) 2 9239 3119

E: christiaan@mustangresources.com.au

A: Level 10, 20 Martin Place, Sydney NSW 2000 Australia

Web: www.mustangresources.com.au



@Mustang_Res